

SENATE BILL No. 583

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-4-8-9; IC 6; IC 20; IC 21; IC 32-9-1.5-16; IC 36-1-2-2; IC 36-7-15.1-26.9.

Synopsis: Elimination of school general fund and transportation fund levies. Eliminates the authority of a school corporation to impose a general fund property tax levy for the general operation and maintenance of the school corporation. Eliminates the authority of a school corporation to impose a transportation fund property tax levy. Terminates the authority of: (1) Lake County to impose a property tax for a county supplemental school distribution fund; (2) Dearborn County to impose a property tax for a county school distribution fund; and (3) a school corporation in Lake County to impose a property tax for a supplemental school operating reserve fund. Continues the authority of a school corporation to impose a property tax levy for certain public libraries, nursery schools, historical societies, art
(Continued next page)

Effective: May 1, 1999; July 1, 1999; January 1, 2000; July 1, 2000; March 1, 2001.

Weatherwax

January 21, 1999, read first time and referred to Committee on Finance.



C
o
p
y

associations, cultural institutions, public playgrounds, and the Children's Museum in Marion County. Provides a method for calculating the amount of financial institution taxes and excise taxes to be distributed to school corporations after the elimination of the school general fund and transportation fund property taxes. Recodifies provisions of current law concerning emergency loans to school corporations and the duty of a school corporation to raise sufficient property tax revenues to repay outstanding bonds and other debt payable from the capital projects fund or debt service fund. Provides that the maximum amount of money that may be loaned to the general fund is computed based on the amount of money available in the general fund rather than the amount of property tax revenue in the fund. Makes related changes.

C
o
p
y



Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 583

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-4-8-9 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JANUARY 1, 2000]: Sec. 9. Any qualified entity
3 receiving a loan under this chapter may levy an annual tax on personal
4 and real property located within its geographical limits for industrial
5 development purposes, in addition to any other tax authorized by
6 statute to be levied for such purposes, at such rate as will produce
7 sufficient revenue to pay the annual installment and interest on any
8 loan made under this chapter. Such a tax may be in addition to the
9 maximum annual rates prescribed by IC 6-1.1-18, IC 6-1.1-18.5,
10 ~~IC 6-1.1-19~~, and other statutes.

11 SECTION 2. IC 6-1.1-1-8.3 IS ADDED TO THE INDIANA CODE
12 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
13 JANUARY 1, 2000]: **Sec. 8.3. For purposes of IC 6-1.1-19, "general**
14 **fund" means the fund that the governing body of a school**
15 **corporation is required to establish by IC 21-2-11-2.**

1999

IN 583—LS 6675/DI 73+



SECTION 3. IC 6-1.1-1-16.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: **Sec. 16.5. For purposes of IC 6-1.1-19, "school year" means the period from July 1 of each year until June 30 of the following year.**

SECTION 4. IC 6-1.1-1-19.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: **Sec. 19.5. For purposes of IC 6-1.1-19, "tax control board" means the school property tax control board established by IC 6-1.1-19-4.1.**

SECTION 5. IC 6-1.1-17-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 1.5. (a) This section applies to a budget governing an expenditure from a school corporation's general fund or transportation fund after December 31, 1999.**

(b) A budget for a school corporation's general fund or transportation fund is subject to the same budget and review procedures under this chapter as a fund for which a property tax is levied.

SECTION 6. IC 6-1.1-17-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 3. (a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the state board of tax commissioners and approved by the state board of accounts. The political subdivision shall give notice by publication to taxpayers of:**

- (1) the estimated budget;**
- (2) the estimated maximum permissible levy;**
- (3) the current and proposed tax levies of each fund; and**
- (4) the amounts of excessive levy appeals to be requested; and**
- (5) the current and proposed amount of revenue to be distributed by the state during the budget year to the general fund and to the transportation fund of a school corporation.**

In the notice, the political subdivision shall also state the time and place at which a public hearing will be held on these items. The notice shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing.

(b) The trustee of each township of the county shall:

- (1) estimate the amount necessary to meet the cost of poor relief in the township for the ensuing calendar year; and**
- (2) publish with the township budget a tax rate sufficient to meet**



the estimated cost of poor relief.

The taxes collected as a result of this rate shall be credited to the county poor fund.

(c) The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection (a):

(1) in any county of the solid waste management district; and

(2) in accordance with the annual notice of meetings published under IC 13-21-5-2.

SECTION 7. IC 6-1.1-17-5.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.1. (a) As used in this section, "school corporation" has the meaning set forth in IC 20-10.1-1-1.

(b) Before February 1 of each year, the officers of a school corporation shall meet to fix the budget for the school corporation for the ensuing budget year, with notice given by the same officers.

(c) Not later than two (2) days after a school corporation fixes a budget under subsection (b), the officers of the school corporation shall file the budget adopted by the school corporation for the ensuing budget year with the state board of tax commissioners.

(d) Each year at least two (2) days before the first meeting of the county board of tax adjustment held under IC 6-1.1-29-4, a school corporation shall file with the county auditor:

(1) a statement of the tax rate and tax levy fixed by the school corporation for the ensuing budget year;

(2) the proposed amount of revenue to be distributed by the state during the budget year to the general fund and to the transportation fund of a school corporation;

~~(2) (3)~~ **(3)** two (2) copies of the budget adopted by the school corporation for the ensuing budget year; and

~~(3) (4)~~ **(4)** any written notification from the state board of tax commissioners under section 16(i) of this chapter that specifies a proposed revision, reduction, or increase in the budget adopted by the school corporation for the ensuing budget year.

Each year the county auditor shall present these items to the county board of tax adjustment at the board's first meeting.

(e) In a consolidated city, a county containing a consolidated city, and a second class city, the clerk of the fiscal body shall, notwithstanding subsection (d), file the adopted budget and tax ordinances with the county board of tax adjustment not later than two (2) days after the ordinances are signed by the executive or not later than two (2) days after action is taken by the fiscal body to override a



veto of the ordinances, whichever is later.

SECTION 8. IC 6-1.1-17-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. (a) If the county board of tax adjustment determines that the maximum aggregate tax rate permitted within a political subdivision under ~~IC 1971, 6-1.1-18~~ IC 6-1.1-18 is inadequate, the county board shall ~~subject to the limitations prescribed in IC 1971, 6-1.1-19-2~~ file its written recommendations in duplicate with the county auditor. The board shall include with its recommendations:

- (1) an analysis of the aggregate tax rate within the political subdivision;
- (2) a recommended breakdown of the aggregate tax rate among the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision; and
- (3) any other information which the county board considers relevant to the matter.

(b) The county auditor shall forward one (1) copy of the county board's recommendations to the state board of tax commissioners and shall retain the other copy in his office. The state board of tax commissioners shall, in the manner prescribed in section 16 of this chapter, review the budgets, tax rates, and tax levies of the political subdivisions described in subsection (a)(2) of this section.

SECTION 9. IC 6-1.1-17-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 10. (a) When the aggregate tax rate within a political subdivision, as approved or modified by the county board of tax adjustment, exceeds the maximum aggregate tax rate prescribed in IC 1971, 6-1.1-18-3(a), the county auditor shall certify the budgets, tax rates, and tax levies of the political subdivisions whose tax rates compose the aggregate tax rate within the political subdivision, as approved or modified by the county board, to the state board of tax commissioners for final review. For purposes of this section, the maximum aggregate tax rate limit exceptions provided in ~~IC 1971, 6-1.1-18-3(b)~~ IC 6-1.1-18-3(b) do not apply.

(b) The county auditor shall certify the general fund budgets and transportation fund budgets of each school corporation, as modified by the county board of tax adjustment, to the state board of tax commissioners for final review.

SECTION 10. IC 6-1.1-17-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 13. Ten (10) or more taxpayers may initiate an appeal from the county board of tax adjustment's action on a political subdivision's budget by filing a statement of their objections with the county auditor. The statement



must be filed within ten (10) days after the publication of the notice required by section 12 of this chapter. The statement shall specifically identify the provisions of the budget and, **for funds for which a property tax is imposed, the** tax levy to which the taxpayers object. The county auditor shall forward the statement, with the budget, to the state board of tax commissioners.

SECTION 11. IC 6-1.1-17-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 15. (a) A political subdivision may appeal to the state board of tax commissioners for an increase in:

(1) its tax rate or tax levy; or

(2) **if the political subdivision is a school corporation, its general fund or transportation fund budget;**

as fixed by the county board of tax adjustment or the county auditor.

(b) To initiate ~~the an~~ appeal **under this section**, the political subdivision must file a statement with the board within ten (10) days after publication of the notice required by section 12 of this chapter. The legislative body of the political subdivision must authorize the filing of the statement by adopting a resolution.

(c) The resolution **under subsection (b)** must be attached to the statement of objections, and the statement must be signed by the following officers:

(1) In the case of counties, by the board of county commissioners and by the president of the county council.

(2) In the case of all other political subdivisions, by the highest executive officer and by the presiding officer of the legislative body.

SECTION 12. IC 6-1.1-17-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 16. (a) Subject to the limitations and requirements prescribed in this section, the state board of tax commissioners may revise, reduce, or increase a political subdivision's budget, tax rate, or tax levy which the board reviews under section 8 or 10 of this chapter.

(b) Subject to the limitations and requirements prescribed in this section, the state board of tax commissioners may review, revise, reduce, or increase the budget, tax rate, or tax levy of any of the political subdivisions whose tax rates compose the aggregate tax rate within a political subdivision whose budget, tax rate, or tax levy is the subject of an appeal initiated under this chapter.

(c) Except as provided in subsection (i), before the state board of tax commissioners reviews, revises, reduces, or increases a political subdivision's budget, tax rate, or tax levy under this section, the board

C
O
P
Y



1 must hold a public hearing on the budget, tax rate, and tax levy. The
 2 board shall hold the hearing in the county in which the political
 3 subdivision is located. The board may consider the budgets, tax rates,
 4 and tax levies of several political subdivisions at the same public
 5 hearing. At least five (5) days before the date fixed for a public hearing,
 6 the board shall give notice of the time and place of the hearing and of
 7 the budgets, levies, and tax rates to be considered at the hearing. The
 8 board shall publish the notice in two (2) newspapers of general
 9 circulation published in the county. However, if only one (1)
 10 newspaper of general circulation is published in the county, the board
 11 shall publish the notice in that newspaper.

12 (d) Except as provided in subsection (h) ~~IC 6-1.1-19~~, or
 13 IC 6-1.1-18.5, the state board of tax commissioners may not increase
 14 a political subdivision's budget, tax rate, or tax levy to an amount which
 15 exceeds the amount originally fixed by the political subdivision. The
 16 state board of tax commissioners shall give the political subdivision
 17 written notification specifying any revision, reduction, or increase the
 18 state board of tax commissioners proposes in a political subdivision's
 19 tax levy or tax rate. The political subdivision has one (1) week from the
 20 date the political subdivision receives the notice to provide a written
 21 response to the state board of tax commissioners' Indianapolis office
 22 specifying how to make the required reductions in the amount budgeted
 23 for each office or department. The state board of tax commissioners
 24 shall make reductions as specified in the political subdivision's
 25 response if the response is provided as required by this subsection and
 26 sufficiently specifies all necessary reductions. The state board of tax
 27 commissioners may make a revision, a reduction, or an increase in a
 28 political subdivision's budget only in the total amounts budgeted for
 29 each office or department within each of the major budget
 30 classifications prescribed by the state board of accounts.

31 (e) The state board of tax commissioners may not approve a levy for
 32 lease payments by a city, town, county, library, or school corporation
 33 if the lease payments are payable to a building corporation for use by
 34 the building corporation for debt service on bonds and if:

- 35 (1) no bonds of the building corporation are outstanding; or
- 36 (2) the building corporation has enough legally available funds on
- 37 hand to redeem all outstanding bonds payable from the particular
- 38 lease rental levy requested.

39 (f) The action of the state board of tax commissioners on a budget,
 40 tax rate, or tax levy is final. The board shall certify its action to:

- 41 (1) the county auditor; and
- 42 (2) the political subdivision if the state board acts pursuant to an



C
O
P
Y

appeal initiated by the political subdivision.

(g) The state board of tax commissioners is expressly directed to complete the duties assigned to it under this section not later than February 15th of each year for taxes to be collected during that year.

(h) Subject to the provisions of all applicable statutes, the state board of tax commissioners may increase a political subdivision's tax levy to an amount that exceeds the amount originally fixed by the political subdivision if the increase is:

(1) requested in writing by the officers of the political subdivision;

(2) either:

(A) based on information first obtained by the political subdivision after the public hearing under section 3 of this chapter; or

(B) results from an inadvertent mathematical error made in determining the levy; and

(3) published by the political subdivision according to a notice provided by the state board of tax commissioners.

(i) The state board of tax commissioners shall annually review the budget of each school corporation not later than April 1. The state board of tax commissioners shall give the school corporation written notification specifying any revision, reduction, or increase the state board of tax commissioners proposes in the school corporation's budget. A public hearing is not required in connection with this review of the budget.

SECTION 13. IC 6-1.1-18-3 (CURRENT VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) one dollar and twenty-five cents (\$1.25) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) two dollars (\$2) on each one hundred dollars (\$100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) **Subject to IC 6-1.1-19-1.9**, the proper officers of a political subdivision shall fix **property** tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision **for a property tax levy** shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

C
o
p
y



(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the county welfare fund, the county welfare administration fund, for public welfare services, or the family and children's fund for child services (as defined in IC 12-19-7-1).

(7) To meet the requirements of the county hospital care for the indigent fund.

(c) Except as otherwise provided in IC 6-1.1-19 or IC 6-1.1-18.5, a county board of tax adjustment, a county auditor, or the state board of tax commissioners may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 14. IC 6-1.1-18-3 (DELAYED VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents (\$0.4167) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each one hundred dollars (\$100) of assessed valuation in territory inside the corporate limits of a city or town.

(b) **Subject to IC 6-1.1-19-1.9**, the proper officers of a political subdivision shall fix **property** tax rates which are sufficient to provide



C
o
p
y

funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision **for a property tax levy** shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

(6) To meet the requirements of the county welfare fund, the county welfare administration fund, for public welfare services, or the family and children's fund for child services (as defined in IC 12-19-7-1).

(7) To meet the requirements of the county hospital care for the indigent fund.

(c) Except as otherwise provided in IC 6-1.1-19 or IC 6-1.1-18.5, a county board of tax adjustment, a county auditor, or the state board of tax commissioners may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 15. IC 6-1.1-18-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 5. (a) If the proper officers of a political subdivision desire to appropriate more money for a particular year than the amount prescribed in the budget for that year as finally determined under this article, they shall give notice of their proposed additional appropriation. The notice shall state the time and place at which a public hearing will be held on the proposal. The notice shall be given once in accordance with IC 5-3-1-2(b).

(b) If the additional appropriation by the political subdivision is



1 **from the general fund or transportation fund of a school**
 2 **corporation or is made from a fund that receives:**

3 (1) distributions from the motor vehicle highway account
 4 established under IC 8-14-1-1 or the local road and street account
 5 established under IC 8-14-2-4; or

6 (2) revenue from property taxes levied under IC 6-1.1;

7 the political subdivision must report the additional appropriation to the
 8 state board of tax commissioners. If the additional appropriation is
 9 made from a fund described under this subsection, subsections (f), (g),
 10 (h), and (i) apply to the political subdivision.

11 (c) However, if the additional appropriation is not made from a fund
 12 described under subsection (b), subsections (f), (g), (h), and (i) do not
 13 apply to the political subdivision. Subsections (f), (g), (h), and (i) do
 14 not apply to an additional appropriation made from the cumulative
 15 bridge fund if the appropriation meets the requirements under
 16 IC 8-16-3-3(c).

17 (d) A political subdivision may make an additional appropriation
 18 without approval of the state board of tax commissioners if the
 19 additional appropriation is made from a fund that is not described
 20 under subsection (b). However, the fiscal officer of the political
 21 subdivision shall report the additional appropriation to the state board
 22 of tax commissioners.

23 (e) After the public hearing, the proper officers of the political
 24 subdivision shall file a certified copy of their final proposal and any
 25 other relevant information to the state board of tax commissioners.

26 (f) When the state board of tax commissioners receives a certified
 27 copy of a proposal for an additional appropriation under subsection (e),
 28 the board shall determine whether sufficient funds are available or will
 29 be available for the proposal. The determination shall be made in
 30 writing and sent to the political subdivision not more than fifteen (15)
 31 days after the board receives the proposal.

32 (g) In making the determination under subsection (f), the board shall
 33 limit the amount of the additional appropriation to revenues available,
 34 or to be made available, which have not been previously appropriated.

35 (h) If the state board of tax commissioners disapproves an additional
 36 appropriation under subsection (f), the state board of tax
 37 commissioners shall specify the reason for its disapproval on the
 38 determination sent to the political subdivision.

39 (i) A political subdivision may request a reconsideration of a
 40 determination of the state board of tax commissioners under this
 41 section by filing a written request for reconsideration. A request for
 42 reconsideration must:

C
O
P
Y



(1) be filed with the state board of tax commissioners within fifteen (15) days of the receipt of the determination by the political subdivision; and

(2) state with reasonable specificity the reason for the request.

The state board of tax commissioners must act on a request for reconsideration within fifteen (15) days of receiving the request.

SECTION 16. IC 6-1.1-19-1.9 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: **Sec. 1.9. (a) This section applies to ad valorem property taxes first due and payable after December 31, 1999.**

(b) Except as provided in:

(1) IC 20-5-15-2 (public library in connection with school);

(2) IC 20-5-16-2 (nursery schools);

(3) IC 20-5-17-2 (Children's Museum in Marion County);

(4) IC 20-5-17.5-2 (historical societies);

(5) IC 20-5-17.5-3 (art associations);

(6) IC 20-5-17.5-4 (cultural institutions); and

(7) IC 20-5-37-4 (public playgrounds);

a school corporation may not levy an ad valorem property tax for the school corporation's general fund.

(c) A school corporation may not levy an ad valorem property tax for the school corporation's transportation fund.

SECTION 17. IC 6-1.1-19-4.4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: **Sec. 4.4. (a) With respect to every appeal petition that is delivered to the tax control board by the state board of tax commissioners under section 4.1 of this chapter, and that does not include a request for emergency financial relief, for property taxes first due and payable to a fund other than the general fund or transportation fund, if a statute provides for an appeal under this section, the tax control board shall, after the tax control board makes the study of the appeal petition and related materials that the tax control board considers necessary, recommend to the state board of tax commissioners, in respect of the particular appeal petition that:**

(1) the order of the county board of tax adjustment or the county auditor in respect of the appellant school corporation's budget, ad valorem property tax levy, or ad valorem property tax rate for the ensuing calendar year be approved;

(2) the order of the county board of tax adjustment or the county auditor in respect of the appellant school corporation's budget, ad valorem property tax levy, or ad valorem property tax rate be



C
o
p
y

disapproved and that the appellant school corporation's budget, **ad valorem property** tax levy, or **ad valorem property** tax rate be reduced as specified in the tax control board's recommendation;

or

(3) the order of the county board of tax adjustment or the county auditor in respect of the appellant school corporation's budget, **ad valorem property** tax levy, or **ad valorem property** tax rate be disapproved and that the appellant school corporation's budget, **ad valorem property** tax levy, or **ad valorem property** tax rate be increased as specified in the tax control board's recommendation.

or

(4) combined with a recommendation allowed under subdivision (1), (2), or (3), the adjusted base tax levy for the school corporation be increased if the school corporation can show a need for the increased adjusted base levy due to:

(A) the opening after December 31, 1972, of a new school facility; or

(B) the opening after July 1, 1988, of an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space.

The adjusted base levy increase, if approved by the tax control board, shall be an amount equal to the increase in costs resulting to the school corporation from the opening and operation of the new school facility or the reopening and operation of an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space. In determining those increased costs, the tax control board shall consider the costs to the school corporation of complying with safety, health, space, heat, or lighting standards required by state or federal law or regulation; and the other physical operation costs that in the opinion of the tax control board justify an adjustment in the school corporation's adjusted base levy.

(b) With respect to an appeal petition described in this section, the tax control board may not make a recommendation that, if followed by the state board of tax commissioners, would authorize the appellant school corporation for ~~the~~ **an** ensuing calendar year

(1) to collect a general fund tax levy in excess of the general fund tax levy initially adopted and advertised by the appellant school corporation;

(2) to impose a general fund tax rate in excess of the general fund tax rate initially adopted and advertised by the appellant school corporation; or



1 (3) to collect an excessive tax levy: to levy an ad valorem
2 property tax for the school corporation's general fund or
3 transportation fund.

4 (c) If the tax control board concludes, after studying an appeal
5 petition, that the appellant school corporation cannot, in the
6 ensuing calendar year, carry out the public educational duty
7 committed to the appellant school corporation by law if, for the
8 ensuing calendar year, the appellant school corporation does not
9 receive emergency financial relief, the tax control board may
10 recommend to the state board of tax commissioners that the order
11 of the county board of tax adjustment or the county auditor in
12 respect to the budget of the appellant school corporation be
13 approved, or disapproved and modified, as specified in the tax
14 control board's recommendation, and that the appellant school
15 corporation receive emergency financial relief from the state, on
16 terms to be specified by the tax control board in the board's
17 recommendation, in the form of:

18 (1) a grant or grants from funds of the state that are available
19 for such a purpose;

20 (2) a loan or loans from funds of the state that are available
21 for such a purpose;

22 (3) permission to the appellant school corporation to borrow
23 funds from a source other than the state or assistance in
24 obtaining the loan;

25 (4) an advance or advances of funds that will become payable
26 to the appellant school corporation under a law providing for
27 the payment of state funds to school corporations;

28 (5) permission to use, for general fund purposes, an
29 unobligated balance in a construction fund, including
30 unobligated proceeds of a sale of the school corporation's
31 general obligation bonds; or

32 (6) a combination of the emergency financial relief described
33 in subdivisions (1) through (5).

34 The tax control board shall recommend the source of the
35 repayment of a loan recommended under this subsection. The tax
36 control board may not recommend the imposition of an ad valorem
37 property tax levy to repay the loan. The state board of tax
38 commissioners may accept, reject, or accept and modify a
39 recommendation made by the tax control board under this
40 subsection.

41 (d) A school corporation, with respect to which the tax control
42 board recommends and the state board of tax commissioners



1 authorizes emergency financial relief under subsection (c), is, if the
 2 school corporation accepts the authorized relief, prohibited
 3 throughout a calendar year in which, or for which, the school
 4 corporation receives the emergency financial relief from taking the
 5 prohibited actions described in this subsection until the action is
 6 recommended by the tax control board to the state board of tax
 7 commissioners and authorized by the state board of tax
 8 commissioners. The prohibited actions are any of the following:

9 (1) The acquisition of real estate for school building purposes,
 10 the construction of new school buildings, or the remodeling or
 11 renovation of existing school buildings.

12 (2) The making of a lease of real or personal property for an
 13 annual rental or the incurring of any other contractual
 14 obligation (except an employment contract for a new
 15 employee, which contract is to supersede the contract of a
 16 terminating employee) calling for an annual outlay by the
 17 school corporation in excess of ten thousand dollars (\$10,000).

18 (3) The purchase of personal property for a consideration in
 19 excess of ten thousand dollars (\$10,000).

20 (4) The adoption or advertising of a budget, tax levy, or tax
 21 rate for a calendar year.

22 (e) If a school corporation subject to the controls described in
 23 subsection (d) takes any of the actions described in subsection (d)
 24 without having first obtained the recommendation of the tax
 25 control board and the state board of tax commissioners'
 26 authorization for the action, the state board of tax commissioners
 27 may take appropriate steps to reduce or terminate any emergency
 28 financial relief that the school corporation may then be receiving
 29 under subsection (c).

30 SECTION 18. IC 6-1.1-19-5.3 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 5.3. (a) The tax
 32 control board may recommend to the state board of tax commissioners
 33 a correction of mathematical errors in data that affect the determination
 34 of:

35 (1) a school corporation's adjusted base levy;

36 (2) a school corporation's
 37 excessive tax levy; or

38 (3) a school corporation's normal tax levy.

39 (b) The state board of tax commissioners may correct mathematical
 40 errors in data for any school corporation.

41 SECTION 19. IC 6-1.1-19-7 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 7. Any



1 recommendation that is to be made by the tax control board to the state
 2 board of tax commissioners pursuant to any provision of this chapter
 3 shall be made at such a time as is prescribed in this chapter and, if no
 4 time for the making of such a recommendation is prescribed in this
 5 chapter, then the recommendation shall be made at such a time as will
 6 permit the state board of tax commissioners to complete those duties
 7 of the board that are defined in ~~IC 1971, 6-1.1-17~~ **IC 6-1.1-17** within
 8 the time allowed by law for the completion of those duties, or such
 9 additional time as is reasonably necessary for the state board of tax
 10 commissioners and the tax control board to complete the duties
 11 provided by this chapter. No **ad valorem property** tax levy shall be
 12 invalid because of the failure of either board to complete its duties
 13 within the time or time limits provided by this chapter or any other law.
 14 Subject to the provisions of this chapter, the state board of tax
 15 commissioners may accept, reject, or accept in part and reject in part
 16 any recommendation of the tax control board that is made to it under
 17 this chapter and may make any order that is consistent with the
 18 provisions of ~~IC 1971, 6-1.1-17~~ **IC 6-1.1-17**. The state board of tax
 19 commissioners may not approve or authorize an excessive tax levy
 20 except in accordance with the provisions of this chapter.

21 SECTION 20. IC 6-1.1-19-12 IS ADDED TO THE INDIANA
 22 CODE AS A NEW SECTION TO READ AS FOLLOWS
 23 [EFFECTIVE JANUARY 1, 2000]: **Sec. 12. (a) As used in this**
 24 **section, "revenues" means excise tax distributions under IC 6-6-5**
 25 **and any other allocation of state tax collections or distributions**
 26 **that by statute:**

- 27 (1) are distributed to school corporations; and
- 28 (2) are based on the property tax levies imposed by the taxing
- 29 units in a county.

30 The term does not include homestead credits or property tax
 31 replacement credits.

32 (b) A school corporation is entitled to receive for the school
 33 corporation's general fund a proportion of the revenues that are
 34 distributed within the county. The amount that the school
 35 corporation is entitled to receive during that calendar year equals
 36 the amount determined under STEP FIVE of the following
 37 formula:

38 **STEP ONE: Determine the amount of revenue that is**
 39 **available for distribution in the county in the distribution**
 40 **year.**

41 **STEP TWO: Determine the product of:**

- 42 (A) the average annual percentage of the school general



fund and school transportation fund budget for the 1997, 1998, and 1999 budget years that was comprised of property tax revenue, including any property tax replacement credits or homestead credits; multiplied by (B) the school general fund and school transportation fund budget for the distribution year.

STEP THREE: Determine the sum of:

(A) the property tax levies imposed by all taxing units in the county; and

(B) the amounts determined in STEP TWO for all school corporations in the county in proportion to the amount of taxable property located in the school corporation and the county;

for that calendar year.

STEP FOUR: Determine the result of the STEP TWO amount divided by the STEP THREE sum.

STEP FIVE: Multiply the STEP ONE amount by the STEP FOUR result.

(c) The amount of revenues distributed to:

(1) taxing units other than a school corporation; and

(2) funds of a school corporation for which a property tax levy is imposed;

shall be changed for that same year by reducing the amount of revenue distributed by the amount of revenue allocated under this section for that same calendar year. The state board of tax commissioners shall make any adjustments required by this section and provide them to the appropriate county auditors.

(d) A school corporation shall be treated as a taxing unit for purposes of a distribution of financial institutions tax revenues under IC 6-5.5-8-2.

SECTION 21. IC 6-1.1-20-1.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1.1. As used in this chapter, "controlled project" means any project financed by bonds or a lease, except for the following:

(1) A project for which the political subdivision reasonably expects to pay:

(A) debt service; or

(B) lease rentals;

from funds other than property taxes that are exempt from the levy limitations of IC 6-1.1-18.5 or ~~IC 6-1.1-19~~; that are levied by a school corporation for a fund other than the general fund or transportation fund. A project is not a controlled project even



though the political subdivision has pledged to levy property taxes to pay the debt service or lease rentals if those other funds are insufficient.

(2) A project that will not obligate the political subdivision to more than two million dollars (\$2,000,000) in debt service or lease rentals.

(3) A project that is being refinanced for the purpose of providing gross or net present value savings to taxpayers.

(4) A project for which bonds were issued or leases were entered into before January 1, 1996, or where the state board of tax commissioners has approved the issuance of bonds or the execution of leases before January 1, 1996.

(5) A project that is required by a court order holding that a federal law mandates the project.

SECTION 22. IC 6-1.1-20-1.3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1.3. As used in this chapter, "lease" means a lease by a political subdivision of any controlled project with lease rentals payable from property taxes that are exempt from the levy limitations of IC 6-1.1-18.5 or ~~IC 6-1.1-19~~ **that are levied by a school corporation for a fund other than the general fund or transportation fund.**

SECTION 23. IC 6-1.1-21-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5 is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:



(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or

C
O
P
Y



1 reestablished for a stated assessment year that succeeds the
 2 1983 stated assessment year; minus
 3 (ii) the total property taxes imposed in the county for the
 4 1984 stated assessment year under the authority of IC 21-2-6
 5 or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative
 6 building fund whose property tax rate was not initially
 7 established or reestablished for a stated assessment year that
 8 succeeds the 1983 stated assessment year; minus
 9 (G) the amount of property taxes imposed in the county for the
 10 stated assessment year under:
 11 (i) IC 21-2-15 for a capital projects fund; plus
 12 (ii) IC 6-1.1-19-10 for a racial balance fund; plus
 13 (iii) IC 20-14-13 for a library capital projects fund; plus
 14 (iv) IC 20-5-17.5-3 for an art association fund; plus
 15 (v) IC 21-2-17 for a special education preschool fund; plus
 16 ~~(vi) an appeal filed under IC 6-1.1-19-5.1 for an increase in~~
 17 ~~a school corporation's maximum permissible general fund~~
 18 ~~levy for certain transfer tuition costs; plus~~
 19 ~~(vii) an appeal filed under IC 6-1.1-19-5.4 for an increase in~~
 20 ~~a school corporation's maximum permissible general fund~~
 21 ~~levy for transportation operating costs; minus~~
 22 ~~(H) the amount of property taxes imposed by a school~~
 23 ~~corporation that is attributable to the passage, after 1983, of a~~
 24 ~~referendum for an excessive tax levy under IC 6-1.1-19,~~
 25 ~~including any increases in these property taxes that are~~
 26 ~~attributable to the adjustment set forth in IC 6-1.1-19-1.5(a)~~
 27 ~~STEP ONE or any other law; minus~~
 28 ~~(I) (H) for each township in the county, the lesser of:~~
 29 ~~(i) the sum of the amount determined in IC 6-1.1-18.5-19(a)~~
 30 ~~STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE,~~
 31 ~~whichever is applicable, plus the part, if any, of the~~
 32 ~~township's ad valorem property tax levy for calendar year~~
 33 ~~1989 that represents increases in that levy that resulted from~~
 34 ~~an appeal described in IC 6-1.1-18.5-13(5) filed after~~
 35 ~~December 31, 1982; or~~
 36 ~~(ii) the amount of property taxes imposed in the township for~~
 37 ~~the stated assessment year under the authority of~~
 38 ~~IC 36-8-13-4; minus~~
 39 ~~(J) (I) for each participating unit in a fire protection territory~~
 40 ~~established under IC 36-8-19-1, the amount of property taxes~~
 41 ~~levied by each participating unit under IC 36-8-19-8 and~~
 42 ~~IC 36-8-19-8.5 less the maximum levy limit for each of the~~



participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

~~(K)~~ (J) for each county, the sum of:

(i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b); and

(ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or the amount determined under IC 12-19-7-4(b) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e).

(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

SECTION 24. IC 6-1.1-21.5-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 6. (a) Except as specifically provided in subsection (c), the receipt by the qualified

C
o
p
y



1 taxing unit of either the loan proceeds or any payment of delinquent tax
 2 owed by a taxpayer in bankruptcy, or both, is not considered to be part
 3 of the ad valorem property tax levy actually collected by the qualified
 4 taxing unit for taxes first due and payable during a particular calendar
 5 year for the purpose of calculating the levy excess under
 6 IC 6-1.1-18.5-17. ~~and IC 6-1.1-19-1.7.~~

7 (b) The loan proceeds and any payment of delinquent tax may be
 8 expended by the qualified taxing unit only to pay debts of the qualified
 9 taxing unit that have been incurred pursuant to duly adopted
 10 appropriations approved by the state board of tax commissioners for
 11 operating expenses.

12 (c) In the event the sum of the receipts of the qualified taxing unit
 13 that are attributable to:

14 (1) the loan proceeds; and

15 (2) the payment of property taxes owed by a taxpayer in a
 16 bankruptcy proceeding initially filed in 1986 and payable in
 17 respect to the second installment of taxes due and payable in
 18 November 1986, and in respect to taxes due and payable in 1987;
 19 exceeds eleven million nine hundred thousand dollars (\$11,900,000),
 20 the excess as received during any calendar year or years shall be set
 21 aside and treated for the calendar year when received as a levy excess
 22 subject to IC 6-1.1-18.5-17. ~~or IC 6-1.1-19-1.7.~~ In calculating the
 23 payment of property taxes as provided in subdivision (2), the amount
 24 of property tax credit ~~financially~~ **finally** allowed under IC 6-1.1-21-5 in
 25 respect to such taxes is deemed to be a payment of such property taxes.

26 (d) As used in this section, "delinquent tax" means any tax owed by
 27 a taxpayer in a bankruptcy proceeding initially filed in 1986 and that
 28 is not paid during the calendar year for which it was first due and
 29 payable.

30 SECTION 25. IC 6-1.1-21.7-14 IS AMENDED TO READ AS
 31 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 14. Loan proceeds
 32 received under this chapter may not be considered to be a levy excess
 33 under IC 6-1.1-18.5-17. ~~and IC 6-1.1-19-1.7.~~

34 SECTION 26. IC 6-1.1-29-9 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. (a) A county
 36 council may adopt an ordinance to abolish the county board of tax
 37 adjustment. This ordinance must be adopted by July 1 and may not be
 38 rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17,
 39 IC 6-1.1-18, IC 6-1.1-19, IC 12-19-3, IC 12-19-7, ~~IC 21-2-14,~~
 40 IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4,
 41 and IC 36-9-13, if such an ordinance is adopted, this section governs
 42 the treatment of tax rates, tax levies, and budgets that would otherwise



be reviewed by a county board of tax adjustment under IC 6-1.1-17.

(b) The time requirements set forth in IC 6-1.1-17 govern all filings and notices.

(c) A tax rate, tax levy, or budget that otherwise would be reviewed by the county board of tax adjustment is considered and must be treated for all purposes as if the county board of tax adjustment approved the tax rate, tax levy, or budget. This includes the notice of tax rates that is required under IC 6-1.1-17-12.

SECTION 27. IC 6-1.1-30-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. (a) The state board of tax commissioners shall select the following employees in the manner prescribed in this section:

(1) field representatives;

(2) supervisors; **and**

(3) employees who are selected to work in the board's division of tax review. **and**

~~(4) employees who are selected to perform the duties assigned to the board under IC 1971, 6-1.1-34.~~

(b) The state board of tax commissioners shall select each employee described in subsection (a) of this section from a list of applicants who have passed an open, competitive examination ~~which that~~ tests ~~his an~~ **individual's** qualifications for the position. The board shall announce the time and place of the examination in the public press before the examination is held and shall conduct the examination. The examination must be practical, and it must be related to those matters which fairly test an individual's qualifications for the position.

(c) The state board of tax commissioners shall:

(1) select field representatives and supervisors so that no more than one-half (1/2) of all those employees belong to any one (1) political party; **and**

(2) select, as nearly as possible, the employees described in subsection (a) (3) ~~of this section~~ so that no more than one-half (1/2) of all those employees belong to any one (1) political party.

and

~~(3) select, as nearly as possible, the employees described in subsection (a)(4) of this section so that no more than one-half (1/2) of those employees belong to any one (1) political party.~~

SECTION 28. IC 6-1.1-44 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE MAY 1, 1999]:

Chapter 44. Replacement of Property Tax Levies in Allocation Areas



1 **Sec. 1.** As used in this chapter, "allocation area" refers to an
 2 area that is established under the authority of any of the following
 3 statutes and in which property taxes levied by a taxing unit other
 4 than the area are allocated to the use of the area:

- 5 (1) IC 6-1.1-39-5.
- 6 (2) IC 8-22-3.5-9.
- 7 (3) IC 36-7-14-30.
- 8 (4) IC 36-7-14-32.
- 9 (5) IC 36-7-14-39.
- 10 (6) IC 36-7-14-41.
- 11 (7) IC 36-7-14-43.
- 12 (8) IC 36-7-14.5-12.5.
- 13 (9) IC 36-7-15.1-20.
- 14 (10) IC 36-7-15.1-22.
- 15 (11) IC 36-7-15.1-26.
- 16 (12) IC 36-7-15.1-29.
- 17 (13) IC 36-7-15.1-30.
- 18 (14) IC 36-7-30-25.
- 19 (15) Any other similar statute.

20 **Sec. 2.** As used in this chapter, "obligation" means an obligation
 21 entered into by the governing body of an allocation area to repay:

- 22 (1) the principal and interest on bonds; or
- 23 (2) any other contractual obligation;

24 from revenues received from the levy of an ad valorem property
 25 tax by a taxing unit. The term includes a guarantee of repayment
 26 from ad valorem property tax levies if other revenues are
 27 insufficient to make a payment.

28 **Sec. 3.** After May 1, 1999, the governing body of an allocation
 29 area may not pledge a school general fund or school transportation
 30 fund property tax levy that is first due and payable after December
 31 31, 1999, to the payment of an obligation.

32 **Sec. 4.** (a) This section applies to an allocation area in which:

- 33 (1) the holders of bonds or another contractual obligation
 34 received a pledge before May 1, 1999, of ad valorem property
 35 tax levies to repay any part of the bonds or other contractual
 36 obligation after December 31, 1999; and
- 37 (2) the elimination of a general fund property tax levy and a
 38 transportation fund property tax levy for a school corporation
 39 adversely affects the ability of the allocation area to repay the
 40 bonds or other contractual obligation described in subdivision
 41 (1).

42 (b) The governing body of an allocation area may, after a



1 hearing, impose a special assessment on the owners of property
 2 that is located in an allocation area to repay an obligation that
 3 comes due after December 31, 1999. The total amount of the special
 4 assessment in a year may not exceed the amount by which the total
 5 due in the year on the obligations of the allocation area entered
 6 into before May 2, 1999, exceed the amount of other revenues
 7 available to the allocation area.

8 (c) A special assessment shall be imposed and collected in the
 9 same manner as ad valorem property taxes are imposed and
 10 collected.

11 SECTION 29. IC 6-3.1-2-1 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this
 13 chapter, the following terms have the following meanings:

14 (1) "Eligible teacher" means a teacher:

15 (A) certified in a shortage area by the professional standards
 16 board established by IC 20-1-1.4; and

17 (B) employed under contract during the regular school term by
 18 a school corporation in a shortage area.

19 (2) "Qualified position" means a position that:

20 (A) is relevant to the teacher's academic training in a shortage
 21 area; and

22 (B) has been approved by the Indiana state board of education
 23 under section 6 of this chapter.

24 (3) "Regular school term" means the period, other than the school
 25 summer recess, during which a teacher is required to perform
 26 duties assigned to him under a teaching contract.

27 (4) "School corporation" ~~means any corporation authorized by law~~
 28 ~~to establish public schools and levy taxes for their maintenance.~~
 29 **has the meaning set forth in IC 36-1-2-17.**

30 (5) "Shortage area" means the subject areas of mathematics and
 31 science and any other subject area designated as a shortage area
 32 by the Indiana state board of education.

33 (6) "State income tax liability" means a taxpayer's total income
 34 tax liability incurred under IC 6-2.1 and IC 6-3, as computed after
 35 application of credits that under IC 6-3.1-1-2 are to be applied
 36 before the credit provided by this chapter.

37 SECTION 30. IC 6-3.5-1.1-1 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this
 39 chapter:

40 "Adjusted gross income" has the same definition that the term is
 41 given in IC 6-3-1-3.5(a), except that in the case of a county taxpayer
 42 who is not a resident of a county that has imposed the county adjusted



gross income tax, the term includes only adjusted gross income derived from his principal place of business or employment.

"Civil taxing unit" means any entity having the power to impose ad valorem property taxes except a school corporation. The term does not include a solid waste management district that is not entitled to a distribution under section 1.3 of this chapter. However, in the case of a consolidated city, the term "civil taxing unit" includes the consolidated city and all special taxing districts, all special service districts, and all entities whose budgets and property tax levies are subject to review under IC 36-3-6-9.

"County council" includes the city-county council of a consolidated city.

"County taxpayer" as it relates to a county for a year means any individual:

(1) who resides in that county on the date specified in section 16 of this chapter; or

(2) who maintains his principal place of business or employment in that county on the date specified in section 16 of this chapter and who does not on that same date reside in another county in which the county adjusted gross income tax, the county option income tax, or the county economic development income tax is in effect.

"Department" refers to the Indiana department of state revenue.

"Nonresident county taxpayer" as it relates to a county for a year means any county taxpayer for that county for that year who is not a resident county taxpayer of that county for that year.

"Resident county taxpayer" as it relates to a county for a year means any county taxpayer who resides in that county on the date specified in section 16 of this chapter.

"School corporation" means any public school corporation established under Indiana law. has the meaning set forth in IC 36-1-2-17.

SECTION 31. IC 6-3.5-1.1-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 14. (a) In determining the amount of property tax replacement credits civil taxing units and school corporations of a county are entitled to receive during a calendar year, the state board of tax commissioners shall consider only property taxes imposed on tangible property that was assessed in that county.

(b) If a civil taxing unit or a school corporation is located in more than one (1) county and receives property tax replacement credits from one (1) or more of the counties, then the property tax replacement



credits received from each county shall be used only to reduce the property tax rates that are imposed within the county that distributed the property tax replacement credits.

(c) A civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(d) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its ~~general fund~~, debt service fund, capital projects fund, ~~transportation fund~~, and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget. ~~and for purposes of the property tax levy limits imposed by IC 6-1.1-19.~~ A school corporation shall allocate the property tax replacement credits described in this subsection to all ~~five (5)~~ **three (3)** funds in proportion to the levy for each fund.

SECTION 32. IC 20-1-1.3-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. (a) A public school that receives a monetary award under this chapter may expend that award for any educational purpose for that school, except:

- (1) athletics;
- (2) salaries for school personnel; or
- (3) salary bonuses for school personnel.

(b) A monetary award may not be used to determine

- ~~(1) the maximum permissible general fund ad valorem property tax levy under IC 6-1.1-19-1.5; or~~
- ~~(2) the tuition support under IC 21-3-1.6; IC 21-3-1.7~~

of the school corporation of which the school receiving the monetary award is a part.

SECTION 33. IC 20-1-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this chapter, the following terms have the following meanings:

- (1) "Child with a disability" means any child who is at least three (3) years of age but less than twenty-two (22) years of age and who because of physical or mental disability is incapable of being educated properly and efficiently through normal classroom instruction, but who with the advantage of a special educational program may be expected to benefit from instruction in surroundings designed to further the educational, social, or economic status of the child. Public schools may operate special



education programs for hearing impaired children as young as six (6) months of age on an experimental basis upon the approval of the superintendent of public instruction and the Indiana state board of education.

(2) "Division" means the division of special education within the department of education.

(3) "Director" means the director of the division of special education.

(4) "School corporation" ~~means any corporation authorized by law to establish public schools and levy taxes for the maintenance of the schools.~~ **has the meaning set forth in IC 36-1-2-17.**

(5) "Individualized education program" means a written statement developed by a group that includes:

(A) a representative of the school corporation or public agency responsible for educating the child;

(B) the child's teacher;

(C) the child's parent, guardian, or custodian;

(D) if appropriate, the child; and

(E) if the provision of services for a seriously emotionally disabled child is considered, a mental health professional provided by the community mental health center (as described under IC 12-29) or a managed care provider (as defined in IC 12-7-2-127(b)) and serving the community in which the child resides;

and that describes the special education to be provided to the child.

(6) "Preschool child with a disability" refers to a disabled child who is at least three (3) years of age by September 1 of the 1989-90 school year, August 1 of the 1990-91 school year, July 1 of the 1991-92 school year, or June 1 of the 1992-93 school year and every subsequent school year.

(7) "Special education" means instruction specially designed to meet the unique needs of a child with a disability. It includes transportation, developmental, corrective, and other support services and training only when required to assist a child with a disability to benefit from the instruction itself.

(8) "School year" has the meaning set forth in IC 20-10.1-2-1.

SECTION 34. IC 20-2-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) The township trustees of each and every township of each county shall perform all the civil functions performed before March 13, 1947, by such township trustees and together with other township trustees of the

C
o
p
y



1 county shall constitute a county board of education for the purpose of
 2 managing the affairs of the county school corporation hereby created
 3 in each such county. School cities and school towns shall retain
 4 independent organization and administration unless abandoned as
 5 provided by law, and the county school corporation, also referred to in
 6 this chapter as the county, shall include all areas not organized on
 7 March 13, 1947, under the laws of this state into jurisdictions
 8 controlled and governed as school cities or school towns. Said county
 9 board of education may be referred to interchangeably as the county
 10 board of school trustees and as the board. Said board shall meet at such
 11 time as the board shall designate at the office of the county
 12 superintendent of schools and at such other times and places as the
 13 county superintendent of schools may deem necessary. At the first
 14 meeting of each year, to be held on the first Wednesday after the first
 15 Monday in January, the board shall organize by selecting a president,
 16 a vice president, a secretary, and a treasurer from its membership.
 17 Provided, however, that no later than April 12, 1947, it shall be the
 18 duty of the county superintendent of schools to call said board into
 19 special session and unless the county board of education shall elect to
 20 have the provisions of this section remain inoperative, under provisions
 21 that may be included within this section, said board shall so organize
 22 itself, except that the failure of the county superintendent of schools to
 23 call the county board of education into session within the prescribed
 24 limits of this section shall not be construed to mean that a county
 25 school corporation as described in this section shall be brought into
 26 existence in such county, and no such county school corporation shall
 27 be brought into existence until the board has met in special session
 28 subsequent to March 13, 1947, and has taken action to organize itself
 29 into a county school corporation, after consideration of the question
 30 whether it should elect to have the provisions of this section remain
 31 inoperative under provisions that may be included within this section.
 32 Such organization when and if effected shall be filed with the county
 33 auditor and shall be published by said auditor in two (2) newspapers of
 34 different political persuasions of general circulation throughout the
 35 county within ten (10) days after such filing, and such organization
 36 shall be deemed to fulfill all the requirements of this section for the
 37 transacting of public business under this section. The secretary of the
 38 board shall keep an accurate record of the minutes of the board, which
 39 minutes shall be kept at the county superintendent's office. The county
 40 superintendent shall act as administrator of the board and shall carry
 41 out such acts and duties as shall be designated by the board. A quorum
 42 shall consist of two-thirds (2/3) of the members of the board.

C
 o
 p
 y



(b) The board shall make decisions as to the general conduct of the schools, which shall be enforced as entered upon the minutes recorded by the secretary of the board, and shall exercise all powers exercised before March 13, 1947, under the law, by or through township trustees or meetings or petitions of the trustees of the county.

(c) The board shall appoint a county superintendent of schools who shall serve for a term of four (4) years. The first such appointment under this section shall be made in accordance with law in June 1949, to become effective August 16, 1949, and thereafter the board shall fill vacancies in this office by appointments which shall expire at the end of the regular term. The county superintendent of schools and other persons employed for administrative or supervisory duties shall be deemed to be supervisors of instruction.

(d) The government of the common schools of the county shall be vested in the board, and the board shall function with all the authority, powers, privileges, duties, and obligations granted to or required of school cities before March 13, 1947, and school towns and their governing boards generally under the laws pertaining thereto with reference to the purchase of supplies, purchase and sale of buildings, grounds, and equipment, the erection of buildings, the employment and dismissal of school personnel, the right and power to sue and be sued in the name of the county, the insuring of property and employees, ~~the levying and collecting of taxes~~, the making and executing of a budget, the borrowing of money, the paying of the salaries and expenses of the county superintendent and employees as approved by the board and to any act necessary to the proper administration of the common schools of the county.

(e) Such school corporations shall be vested with all right, title, and interest of their respective predecessor township school corporations hereby terminated to and in all the real, personal, and other property of any nature and from whatever source derived, and shall assume, pay, and be liable for all the indebtedness and liabilities of the same.

(f) The treasurer, before entering upon the duties of his office, shall execute a bond to the acceptance of the county auditor in an amount equal to the largest sum of money that will be in the possession of the treasurer at any one (1) time conditioned as an ordinary official bond, with a reliable surety company or at least two (2) sufficient freehold sureties, who shall not be members of such board, as surety or sureties on such bond. The president and secretary shall each give bond, with like surety or sureties, to be approved by the county auditor, in the sum of one-fourth (1/4) of said amount. Provided, that such boards of school trustees may purchase said bonds from some reliable surety company



and pay for them out of the special school revenue of their respective counties.

(g) The powers set forth in this section shall not be considered as or construed to limit the power and authority of such boards to the powers therein expressly conferred or to restrict or modify any powers or authority granted by any other law not in conflict with the provisions of this section.

(h) Every such board shall have, as respects the levy of taxes by it, power annually to levy such amount of taxes as in the judgment of such board, made matter of record in its minutes, should be levied to produce income sufficient to conduct and carry on the common schools committed to such board; and It is hereby made the duty of such board annually to levy a sum sufficient to meet all payments of principal and interest as they will mature in the year for which such levy is made on the bonds, notes, or other obligations of such board.

(i) The power of such board in so making to make tax levies shall be exercised within statutory limits and said levies shall be subject to the same review as school city and school town levies.

SECTION 35. IC 20-2-9-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 2. Said school trustees shall maintain in each school corporation a term of school at least six (6) months in duration. and shall authorize a local tuition levy sufficient to conduct a six (6) months term of school each year based on estimates and receipts from all sources for the previous year; which may include that received from the state's tuition revenue: Provided; Such levy shall not exceed the limit now provided by law.

SECTION 36. IC 20-3-11-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 18. Every such board of school commissioners: shall have;

(1) may, as respects the levy of taxes by it, power annually to levy such amount of taxes as in the judgment of said board, made matter of record in its minutes, should be levied to produce income sufficient to conduct and carry on the work committed to such board for the purposes of any fund other than the school general fund or school transportation fund; and it is hereby made the duty of said board

(2) shall annually to levy a sum sufficient to meet all payments of principal and interest as they will mature in the year for which such levy is made on the bonds, notes, or other obligations of said board. and the fund arising from any levy made by such board shall be known as its "general fund." Said general fund may lawfully be used by said board for any purpose within the scope



of the duties of such board as imposed by law.

SECTION 37. IC 20-3-11-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 20. (a) Each such board of school commissioners may from time to time, whenever its general fund shall be exhausted or in the board's judgment be in danger of exhaustion, make temporary loans for the use of its general fund to be paid out of ~~the proceeds of taxes theretofore levied by such school city for its money to be deposited in the~~ general fund. The amount so borrowed in aid of said general fund shall be paid into said general fund and may be used for any purpose for which the said general fund lawfully may be used. Any such temporary loan shall be evidenced by the promissory note or notes of said school city, shall bear interest at not more than seven percent (7%) per annum, interest payable at the maturity of the note or periodically, as the note may express, and shall mature at such time or times as the board of school commissioners may decide, but not later than one (1) year from the date of the note. No such loan or loans made in any one (1) calendar year shall be for a sum greater than the amount estimated by said board as the ~~proceeds money~~ to be received by it from the levy of taxes theretofore made by said school city in behalf of its said ~~deposited in the~~ general fund ~~before the due date of the note~~. Successive loans may be made in aid of said general fund in any calendar year, but the aggregate amount thereof, outstanding at any one (1) time, shall not exceed such estimated ~~proceeds of taxes levied in behalf of the said general fund: amounts to be deposited in the general fund during the terms of the notes.~~

(b) No such loan shall be made until notice asking for bids therefor shall have been given by newspaper publication, which publication shall be made one (1) time in a newspaper published in said city and said publication shall be at least seven (7) days before the time when bids for such loans will be opened. Bidders shall name the amount of interest they agree to accept not exceeding seven percent (7%) per annum, and the loan shall be made to the bidder or bidders bidding the lowest rate of interest. The note or notes or warrants shall not be delivered until the full price of the face thereof shall be paid to the treasurer of said school city, and no interest shall accrue thereon before such delivery.

(c) Any such school corporation wishing to make a temporary loan in aid of its general fund, finding that it has need to exercise the power in this section above given to make a temporary loan, which has in its treasury money derived from the sale of bonds, which money derived from the sale of bonds cannot or will not, in the due course of the business of said school city, be expended in the then near future, may,



1 if it so elects, temporarily borrow, and without payment of interest,
 2 from such bond fund, for the use and aid of said general fund in the
 3 manner and to the extent hereinafter expressed, viz.: Such school city
 4 shall, by its board of school commissioners, take all the steps required
 5 by law to effect such temporary loan up to the point of advertising for
 6 bids or offers for such loans; it shall then present to the state board of
 7 tax commissioners of the state of Indiana, and to the state board of
 8 accounts of the state of Indiana, a copy of the corporate action of said
 9 school city concerning its desire to make such temporary loan and a
 10 petition showing the particular need for such temporary loan, and the
 11 amount and the date or dates when said general fund will need such
 12 temporary loan, or ~~instalments~~ **installments** of such loan, and the date
 13 at which such loan, and each ~~instalment~~ **installment** thereof, will be
 14 needed, and the estimated amounts ~~from taxes~~ to come into said
 15 general fund, and the dates when it is expected ~~such proceeds of taxes~~
 16 **that the amounts** will be received by such school city in behalf of said
 17 general fund, and showing what amount of money said school city has
 18 in any fund derived from the proceeds of the sale of bonds, which
 19 cannot or will not be expended in the then near future, and showing
 20 when and to what extent and why money in such bond fund, not soon
 21 to be expended, will not be expended in the then near future and
 22 requesting that said state board of tax commissioners, and said state
 23 board of accounts, respectively, authorize a temporary loan from said
 24 bond fund in aid of said general fund.

25 (d) If said state board of tax commissioners shall find and order that
 26 there is need for such temporary loan, and that it should be made, and
 27 said state board of accounts shall find that the money proposed to be
 28 borrowed will not be needed during the period of the temporary loan by
 29 the fund from which it is to be borrowed, and said two (2) state boards
 30 shall approve the loan, the business manager and treasurer of said
 31 school city shall, upon such approval by said two (2) state boards, take
 32 all steps necessary to transfer the amount of such loans, as a temporary
 33 loan from the fund to be borrowed from, to said general fund of such
 34 school city. The loan so effected shall, for all purposes, be a debt of the
 35 school city chargeable against its constitutional debt limit.

36 (e) Such two (2) state boards may fix the aggregate amount so to be
 37 borrowed on any one (1) petition and shall determine at what time or
 38 times and in what ~~instalments~~ **installments** and for what periods it
 39 shall be borrowed. The treasurer and business manager of such school
 40 city, from time to time, as money shall be collected ~~from taxes levied~~
 41 in behalf of said general fund, shall credit the same on such loan until
 42 the amount borrowed is fully repaid to the lending fund, and they shall



1 at the end of each calendar month report to the board the several
2 amounts so applied ~~from taxes~~ to the payment of such loan.

3 (f) The school city shall, as often as once a month, report to both of
4 said state boards the amount of money then so borrowed and unpaid,
5 the anticipated like borrowings of the current month, the amount left in
6 the said general fund, and the anticipated drafts upon the lending bond
7 fund for the objects for which that fund was created.

8 (g) Said two (2) state boards, or either of them, may, if it shall seem
9 to said boards, or to either of them, that the fund from which the loan
10 was made requires the repayment of all or of part of such loan(s) before
11 its maturity or said general fund no longer requires all or some part of
12 the proceeds of such loan, require such school city to repay all or any
13 part of such loan, and, if necessary to perform the requirement, such
14 school city shall exercise its power of making a temporary loan
15 procured from others to raise the money so needed to repay the lending
16 bond fund the amount so ordered repaid.

17 SECTION 38. IC 20-3.1-15-1 IS AMENDED TO READ AS
18 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. To provide the
19 board with the necessary flexibility and resources to carry out this
20 article, the following apply:

21 (1) The board may eliminate or modify existing policies and
22 create new policies, and alter policies from time to time, subject
23 to this article and the plan developed under IC 20-3.1-7.

24 (2) IC 20-7.5 does not apply to matters set forth in this article.
25 The matters set forth in this article may not be the subject of
26 collective bargaining or discussion under IC 20-7.5.

27 (3) An exclusive representative certified under IC 20-7.5 to
28 represent certified employees of the school city, or any other
29 entity voluntarily recognized by the board as a representative of
30 employees providing educational services in the schools, may
31 bargain collectively only concerning salary, wages, and salary and
32 wage related fringe benefits. The exclusive representative may not
33 bargain collectively or discuss performance awards under
34 IC 20-3.1-12.

35 (4) The board of school commissioners may waive the following
36 statutes and rules for any school in the school city without the
37 need for administrative, regulatory, or legislative approval:

38 (A) The following rules concerning curriculum and
39 instructional time:

40 511 IAC 6.1-3-4

41 511 IAC 6.1-5-0.5

42 511 IAC 6.1-5-1



C
O
P
Y

- 1 511 IAC 6.1-5-2.5
 2 511 IAC 6.1-5-3.5
 3 511 IAC 6.1-5-4
 4 (B) The following rules concerning pupil/teacher ratios:
 5 511 IAC 6-2-1(b)(2)
 6 511 IAC 6.1-4-1
 7 (C) The following statutes and rules concerning textbooks, and
 8 rules adopted under the statutes:
 9 IC 20-10.1-9-1
 10 IC 20-10.1-9-18
 11 IC 20-10.1-9-21
 12 IC 20-10.1-9-23
 13 IC 20-10.1-9-27
 14 IC 20-10.1-10-1
 15 IC 20-10.1-10-2
 16 511 IAC 6.1-5-5
 17 (D) The following rules concerning school principals:
 18 511 IAC 6-2-1(c)(4)
 19 511 IAC 6.1-4-2
 20 (E) 511 IAC 2-2, concerning school construction and
 21 remodeling.
 22 (5) Notwithstanding any other law, a school city may do the
 23 following:
 24 (A) Lease school transportation equipment to others for
 25 nonschool use when the equipment is not in use for a school
 26 city purpose.
 27 (B) Establish a professional development and technology fund
 28 to be used for:
 29 (i) professional development; or
 30 (ii) technology, including video distance learning.
 31 (C) Transfer funds obtained from sources other than state or
 32 local government taxation among any account of the school
 33 corporation, including a professional development and
 34 technology fund established under clause (B).
 35 (6) Transfer funds ~~obtained from property taxation among~~
 36 **between** the general fund (established under IC 21-2-11) and the
 37 school transportation fund (established under IC 21-2-11.5).
 38 ~~subject to the following:~~
 39 (A) ~~The sum of the property tax rates for the general fund and~~
 40 ~~the school transportation fund after a transfer occurs under this~~
 41 ~~subdivision may not exceed the sum of the property tax rates~~
 42 ~~for the general fund and the school transportation fund before~~

C
o
p
y

1 ~~a transfer occurs under this clause.~~

2 **(B) However,** this **clause subdivision** does not allow a school
3 corporation to transfer to any other fund money from the debt
4 service fund (established under IC 21-2-4).

5 SECTION 39. IC 20-4-1-18 IS AMENDED TO READ AS
6 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 18. (a) Whenever
7 the creation of a community school corporation out of an existing
8 corporation would involve no change in its territorial boundaries or in
9 its board of school trustees or other governing body, other than a
10 change, if any, in the time of election or appointment or the time the
11 board members take office, and such creation is consistent with the
12 standards set up pursuant to the provisions of this chapter as modified,
13 if any, by the standards set out in this section, the state board may upon
14 its own motion or upon petition of the governing body of the existing
15 school corporation at any time with hearing in the county where such
16 school corporation is located, after notice by publication at least once
17 in one (1) newspaper of general circulation published in the county
18 where such school corporation is located, at least ten (10) but not more
19 than thirty (30) days prior to the date of such hearing and without
20 action of the county committee declare such existing school
21 corporation to be a community school corporation by adopting a
22 resolution to this effect. Such existing school corporation shall qualify
23 as to size and financial resources if it has an average daily attendance
24 of two hundred seventy (270) or more, in grades nine (9) through
25 twelve (12), or of one thousand (1000) or more, in grades one (1)
26 through twelve (12), and has an assessed valuation per pupil of five
27 thousand dollars (\$5,000) or more. For the purposes of this provision
28 the following terms shall have the following meanings:

29 (1) "County tax" shall be a property tax which is levied at an
30 equal rate in the entire county in which any school corporation is
31 located, other than a tax qualifying as a county-wide tax within
32 the meaning of Acts 1959, c.328, s.2, or any similar statute, and
33 the net proceeds of which are distributed to school corporations
34 in the county.

35 (2) "Assessed valuation" of any school corporation shall mean the
36 net assessed value of its real and personal property as of March 1,
37 1964, adjusted in the same manner as such assessed valuation is
38 adjusted for each county by the state board of tax commissioners
39 under Acts 1949, c.247, s.5, as now or hereafter amended, unless
40 such statute has been repealed or no longer provides for such
41 adjustment. In the event a county has a county tax, then the
42 assessed valuation of each school corporation in the county shall

C
o
p
y



1 be increased by the amount of assessed valuation, if any, which
 2 would be required to raise an amount of money, equal to the
 3 excess of the amount distributed to any school corporation from
 4 the county tax over the amount collected from such county tax in
 5 such school corporation, using total taxes levied by such school
 6 corporation in terms of rate excluding the countywide tax under
 7 Acts 1959, c.328, s.2, or any similar statute, and including all
 8 other taxes levied by or for such school corporation, including but
 9 not limited to the county tax, bond fund levy, lease rental levy,
 10 library fund levy, special school fund levy, ~~tuition fund levy~~,
 11 capital projects fund levy, and special funds levies. Such
 12 increased valuation shall be based on the excess distributed to the
 13 school corporation from the county tax levied for the year 1964
 14 and the total taxes levied for such year, or if the county tax is first
 15 applied or is raised for years after 1964, then the excess
 16 distributions and total taxes levied for the year in which such tax
 17 is first applied or raised. In the event such excess distribution and
 18 total taxes levied cannot be determined accurately on or prior to
 19 the adoption of the resolution provided in this section, excess
 20 distribution and taxes levied shall be estimated by the state board
 21 of tax commissioners using the last preceding assessed valuations
 22 and tax rates or such other information as they shall see fit,
 23 certifying such increased assessment to the state board prior to
 24 such time. In all cases, the excess distribution shall be determined
 25 upon the assumption that the county tax is one hundred percent
 26 (100%) collected and all collections are distributed.

27 (3) "Assessed valuation per pupil" of any school corporation
 28 means the assessed valuation of any such school corporation
 29 divided by its average daily attendance in grades one (1) through
 30 twelve (12).

31 (4) "Average daily attendance" in any school corporation shall
 32 mean the average daily attendance of pupils who are residents in
 33 such school corporation and in the particular grades to which such
 34 term refers for the school year 1964-1965 in accordance with the
 35 applicable regulations of the state superintendent of public
 36 instruction, used in determining such average daily attendance in
 37 the distribution of the tuition funds by the state to its various
 38 school corporations where such funds are distributed on such
 39 basis and irrespective of whether such figures are the actual
 40 resident daily attendance of such school for the school year.

41 (b) Such community school corporation shall automatically come
 42 into being on either July 1 or January 1 following the date of such

C
o
p
y



1 approval, whichever is earlier. The state board shall mail by certified
 2 United States mail, return receipt requested, a copy of such resolution
 3 certified by its director or its secretary to the recorder of the county
 4 from which the county committee having jurisdiction of such existing
 5 school corporation was appointed and to such county committee. Such
 6 resolution may change the time of election or appointment of the board
 7 members of such school corporation or the time such board members
 8 take office. The recorder shall without cost record such certified
 9 resolution in the miscellaneous records of the county. Such recording
 10 shall constitute a permanent record of the action of the state board and
 11 may be relied on by any person. Unless the resolution otherwise
 12 provides, no interim board member shall be appointed, the board
 13 members in office on the date of such action shall continue to
 14 constitute the board of trustees of such school corporation until their
 15 successors are qualified, and the terms of their respective office and
 16 board membership shall remain unchanged except to the extent that
 17 such resolution otherwise provides. For all purposes under this chapter,
 18 community school corporation shall be regarded as a school
 19 corporation created under the provisions of section 22 of this chapter.

20 SECTION 40. IC 20-4-5-9 IS AMENDED TO READ AS
 21 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. Except as
 22 otherwise provided with respect to the power to issue bonds in section
 23 10 of this chapter, said school board shall perform the duties and shall
 24 have all the powers vested in the school board or board of trustees of
 25 a school city of the class in which the consolidated school corporation
 26 would fall on the basis of its population according to the last preceding
 27 United States census under the statutes of this state, if it were organized
 28 as a school city. In the event, however, such consolidated school
 29 corporation has a population determined in such manner of less than
 30 two thousand (2,000), such school board shall perform the duties and
 31 shall have all the powers vested in the school board of a school town.
 32 The cost of maintaining such consolidated schools shall be borne by the
 33 consolidated school corporation as a ~~single tax unit. Taxes to meet such~~
 34 ~~cost shall be levied by said consolidated school board at a uniform and~~
 35 ~~equal rate on all the taxable property located within the limits of said~~
 36 ~~consolidated school corporation, and collected in the city or cities,~~
 37 ~~town or towns, township or townships in the same manner as other~~
 38 ~~taxes are levied and collected.~~

39 SECTION 41. IC 20-4-8-11 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 11. (a) The board
 41 as above referred to shall make decisions pertaining to the general
 42 conduct of the schools which shall be enforced as entered upon the

C
o
p
y



minutes recorded by the secretary of the board, and subject to provisions in this chapter otherwise, shall exercise all powers previously exercised under the law, by or through township trustees or meetings or petitions of the township trustees of the county, or county boards of education previously existing and such offices, namely, township trustee, county board or county boards of education insofar as the conduct of public schools is concerned are abolished as of noon on the day and date the county school corporation is created and comes into existence under this chapter.

(b) The county superintendent of schools and other persons employed for administrative or supervisory duties may be deemed to be supervisors of instruction.

(c) The government of the common schools of the county shall be vested in the board, and the board shall function with all the authority, powers, privileges, duties, and obligations previously granted to or required of school cities and their governing boards generally under the laws pertaining thereto with reference to the purchase of supplies, purchase and sale of buildings, grounds, and equipment, the erection of buildings, the employment and dismissal of school personnel, the insuring of property and employees, the levying and collecting of taxes; the making and executing of a budget, the borrowing of money, the paying of the salaries and expenses of the county superintendent and employees as approved by the board, shall be a body corporate and politic by the name and style of "The County School Corporation of _____ County, Indiana" with the right to prosecute and defend suits; and shall act in any manner necessary to the proper administration of the common schools of the county.

(d) School corporations shall be vested with all rights, titles, and interests of their respective predecessor township and town school corporations terminated; and in all the real, personal, and other property of any nature and from whatever source derived, and shall assume, pay, and be liable for all the indebtedness, obligations, and liabilities and duties of the predecessor corporations from whatever source derived and however arising, and shall institute and defend suits arising out of aforesaid liabilities, obligations, duties, and rights assumed as a county school corporation.

(e) The treasurer, before entering upon the duties of his office, shall execute a bond to the acceptance of the county auditor in an amount equal to the largest sum of money that will be in the possession of the treasurer at any one (1) time, conditioned as an ordinary official bond, with a reliable surety company or at least two (2) sufficient freehold sureties, who shall not be members of such board, as surety or sureties



on such bond. The president and the secretary shall each give bond, with like surety or sureties, to be approved by the county auditor, in the sum of one-fourth (1/4) of said amount. Boards of school trustees may purchase bonds from some reliable surety company and pay for them out of the special school revenue of their respective counties.

(f) The powers set forth in this section shall not be considered as or construed to limit the power and authority of such boards to the powers therein expressly conferred or to restrict or modify any powers or authority granted by any other law not in conflict with the provisions of this section.

(g) Every such board shall have the power annually to levy such amount of taxes as in the judgment of such board; made matter of record in its minutes; should be levied to produce income sufficient to conduct and carry on the common schools committed to such board; and It is made the duty of such board annually to levy a rate and levy that will produce a sum sufficient to meet all payments of principal and interest as they will mature in the year for which such levy is made on the bonds, notes, or other obligations of such board.

(h) The power of such board in so making to make tax levies shall be exercised within existing statutory limits and said levies shall be subject to the same review as school city levies.

SECTION 42. IC 20-4-8-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 21. (a) The board as referred to in this chapter shall make decisions pertaining to the general conduct of the schools which shall be enforced as entered upon the minutes recorded by the secretary of the board, and, subject to this chapter, shall exercise all powers previously exercised under the law, by or through township trustees or meetings or petitions of the township trustees of the county, and/or or county boards of education previously existing, and such offices, namely township trustee, county board and/or or county boards of education insofar as the conduct of public schools is concerned are hereby abolished as of noon on the day and date the metropolitan school district is created and comes into existence.

(b) The metropolitan superintendent of schools and other persons employed for administrative or supervisory duties may be deemed to be supervisors of instruction and as such eligible, subject to the rules that have been or shall be adopted by the **Indiana** state board of education, to qualify for teaching units in accordance with law.

(c) The government of the common schools of said district shall be vested in the board, and the board shall function with all the authority, powers, privileges, duties, and obligations previously granted to or



C
o
p
y

1 required of school cities and their governing boards generally under the
 2 laws pertaining thereto with reference to the purchase of supplies,
 3 purchase and sale of buildings, grounds, and equipment, the erection
 4 of buildings, the employment and dismissal of school personnel, the
 5 insuring of property and employees, the levying and collecting of taxes;
 6 the making and executing of a budget, the borrowing of money, the
 7 paying of the salaries and expenses of the county superintendent and
 8 employees as approved by the board; shall be a body corporate and
 9 politic by the name and style of "The Metropolitan School District of
 10 _____, Indiana" with the right to prosecute and defend suits and
 11 shall act in any manner necessary to the proper administration of the
 12 common schools of the county.

13 (d) Such school districts shall be vested with all rights, titles, and
 14 interests of their respective predecessor township and town school
 15 corporations hereby terminated and in all the real, personal, and other
 16 property of any nature and from whatever source derived, and shall
 17 assume, pay, and be liable for all the indebtedness, obligations, and
 18 liabilities and duties of said predecessor corporations from whatever
 19 source derived and however arising and shall institute and defend suits
 20 arising out of aforesaid liabilities, obligations, duties, and rights
 21 assumed as a metropolitan school district.

22 (e) The treasurer, before entering upon the duties of his office, shall
 23 execute a bond to the acceptance of the county auditor which shall in
 24 no event be greater than the largest sum of money that will be in the
 25 possession of the treasurer at any one (1) time. The board of education
 26 may purchase said bond from a reliable surety company and pay for it
 27 out of the special school revenue of the metropolitan district.

28 (f) The powers set forth in this section shall not be considered as or
 29 construed to limit the power and authority of such boards to the powers
 30 therein expressly conferred or to restrict or modify any powers or
 31 authority granted by any other law not in conflict with the provisions
 32 of this section.

33 (g) ~~Every such board shall have the power annually to levy such~~
 34 ~~amount of taxes as in the judgment of such board; made matter of~~
 35 ~~record in its minutes; should be levied to produce income sufficient to~~
 36 ~~conduct and carry on the common schools committed to such board;~~
 37 ~~and~~ It is hereby made the duty of such board annually to levy a rate and
 38 levy that will produce a sum sufficient to meet all payments of
 39 principal and interest as they will mature in the year for which such
 40 levy is made on the bonds, notes, or other obligations of such board.

41 (h) The power of such board ~~in so making to make~~ tax levies shall
 42 be exercised within statutory limits and said levies shall be subject to

C
O
P
Y



the same review as school city levies.

SECTION 43. IC 20-4-10.1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) Each plan is subject to the following limitations:

(1) A member of the governing body may not serve for a term of more than four (4) years, but may succeed himself in office. This limitation does not, however, apply to members who hold over during an interim period to effect a new plan awaiting the selection and qualification of a member under the new plan.

(2) The plan, if the members are to be elected, shall conform with one (1) of the types of board organization permitted by IC 20-4-1-26.2, or, if appointed, shall conform with one (1) of the types permitted by IC 20-4-1-26.3.

(3) The terms of the members of the governing body, either elected to or taking office on or before the time the plan takes effect, may not be shortened. The terms of the members taking office pursuant to the plan shall be shortened, if necessary, to make the plan workable on a permanent basis.

(4) If the plan provides for electoral districts, where any member of the governing body is elected solely by the voters of a single district, the districts must be as near as practicable equal in population. The districts shall be reapportioned and their boundaries changed, if necessary, by resolution of the governing body prior to the election next following the effective date of the subsequent decennial census to preserve the equality by resolution of the governing body.

(5) The plan must comply with the Constitution of the State of Indiana and the Constitution of the United States, including the equal protection clauses of the constitutions.

(6) The provisions of IC 20-4-1-26.1 through ~~IC 20-4-1-26.9~~ **IC 20-4-1-26.8** relating to the board of trustees of a community school corporation and to the community school corporation, including provisions relating to powers of the board and corporation and provisions relating to the mechanics of selection of the board, where elected and where appointed, apply to any governing body set up by a plan pursuant to this chapter and to the school corporation.

(b) The limitations set out in this section need not be specifically set out in any plan, but are a part of the plan. Any plan shall be construed, if possible, to comply with this chapter. If any provision of the plan, or any application of the plan, violates this chapter, the invalidity does not affect the other provisions or applications of the plan that can be given

C
o
p
y



effect without the invalid provision or application. To this end, all provisions of any plan are severable.

SECTION 44. IC 20-4-16-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this chapter, the following terms shall have the following meanings:

(a) "City" or "town" shall be a city or town which conducts its school as school city or school town or as part of a consolidated or metropolitan school corporation.

(b) "Annexing school corporation" shall be the school corporation of any city or town which annexes territory.

(c) "Original school corporation" shall be a school corporation from whom territory is annexed.

(d) "Annexed territory" shall be the territory annexed from an original school corporation by such city or town.

(e) "Tax receipts" shall be the amounts received from the tax levy for the ~~tuition and~~ special school funds by the original school corporation from the annexed territory.

SECTION 45. IC 20-4-19-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 6. The merged school corporation shall have all the powers provided in IC 20-4-1-26.1 through ~~IC 20-4-1-26.9~~ **IC 20-4-1-26.8**.

SECTION 46. IC 20-5-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 6. If the governing board shall find, by written resolution, that an emergency exists which requires the expenditure of any money for any lawful corporate purpose which was not included in its existing budget, ~~and tax levy~~, it may authorize the making of an emergency loan, **to be repaid before the end of the following budget year**, which may be evidenced by the issuance of its note or notes in the same manner and subject to the same procedure and restrictions as provided for the issuance of its bonds, except as to purpose. **Subject to IC 6-1.1-19-1.9**, at the time for making the next annual budget and tax levy for such school corporation, the governing body shall make a levy to the credit of the fund for which such expenditure is made sufficient to pay such debt and the interest thereon; however, the interest on the loan may be paid from the debt service fund.

SECTION 47. IC 20-5-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. (a) Whenever the governing board of a school corporation finds and declares that an emergency exists for the borrowing of money with which to pay current expenses from a particular fund before the receipt of ~~revenues from taxes levied or state tuition support distributions~~ **money** for such fund,



the governing board may issue warrants in anticipation of the receipt of said ~~revenues~~ **money**.

(b) The principal of these warrants shall be payable solely from the fund ~~for which the taxes are levied~~ **that receives the loan proceeds** or from the general fund in the case of anticipated state tuition support distributions. ~~However,~~ The interest on these warrants may be paid from the debt service fund, from the fund ~~for which the taxes are levied~~, **that receives the loan proceeds**, or ~~from~~ the general fund in the case of anticipated state tuition support distributions.

(c) The amount of principal of temporary loans maturing on or before June 30 for any fund shall not exceed eighty percent (80%) of the amount of ~~taxes and state tuition support distributions~~ **the money** estimated to be ~~collected or~~ received for and distributed to the fund **at not later than** the June settlement.

(d) The amount of principal of temporary loans maturing after June 30, and on or before December 31, shall not exceed eighty percent (80%) of the amount of ~~taxes and state tuition support distributions~~ **money** estimated to be ~~collected or~~ received ~~for and distributed to in~~ the fund **at not later than** the December settlement.

(e) At each settlement, the amount of ~~taxes and state tuition support distributions~~ **money** estimated to be ~~collected or~~ received ~~for and distributed to in~~ the fund includes any allocations to the fund from the property tax replacement fund.

(f) The estimated amount of ~~taxes and state tuition support distributions~~ **money** to be ~~collected or~~ received ~~and distributed~~ shall be made by the county auditor or the auditor's deputy. The warrants evidencing any loan in anticipation of ~~tax revenue or state tuition support distributions~~ shall not be delivered to the purchaser of the warrant nor payment made on the warrant before January 1 of the year the loan is to be repaid. However, the proceedings necessary to the loan may be held and carried out before January 1 and before the approval. The loan may be made even though a part of the last preceding June or December settlement has not yet been received.

(g) Proceedings for the issuance and sale of warrants for more than one (1) fund may be combined, but separate warrants for each fund shall be issued and each warrant shall state on its face the fund from which its principal is payable. No action to contest the validity of such warrants shall be brought later than fifteen (15) days from the first publication of notice of sale.

(h) No issue of ~~tax or state tuition support~~ anticipation warrants shall be made if the aggregate of all these warrants ~~exceed~~ **exceeds** twenty thousand dollars (\$20,000) until the issuance is advertised for



1 sale, bids received, and an award made by the governing board as
 2 required for the sale of bonds, except that the sale notice need not be
 3 published outside of the county nor more than ten (10) days before the
 4 date of sale.

5 SECTION 48. IC 20-5-13-9 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. (a) All school
 7 cities, school townships, school towns, and joint districts are hereby
 8 authorized to establish, equip, operate, and maintain school kitchens
 9 and school lunch rooms, for the improvement of the health of the
 10 school children attending school therein, and for the advancement of
 11 the educational work of their respective schools; to employ all
 12 necessary directors, assistants, and agents; and appropriate funds of
 13 such school corporations for such purpose. Such participation in a
 14 school lunch program pursuant to the provisions of this chapter shall
 15 be discretionary with the governing board of any school corporation.

16 (b) In the event that federal funds are not available for the purpose
 17 of carrying on a school lunch program, the state of Indiana shall not
 18 participate in such school lunch program and any money appropriated
 19 by the state of Indiana for such purpose, and not expended, shall
 20 immediately revert to the state general fund. Failure on the part of the
 21 state of Indiana to participate in the school lunch program shall not
 22 invalidate any appropriation made or school lunch program carried on
 23 by any school corporation by means of gifts or **other** money ~~raised by~~
 24 ~~tax levy pursuant to the provisions of this chapter~~ **available** for the
 25 purpose of such school lunch program.

26 SECTION 49. IC 20-5-17.5-2 (CURRENT VERSION) IS
 27 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,
 28 2000]: Sec. 2. (a) This subsection does not apply to a school
 29 corporation in a county having a population of more than two hundred
 30 thousand (200,000) but less than three hundred thousand (300,000).
 31 The governing body of a school corporation may annually **levy and**
 32 **appropriate**, from its general fund, a sum ~~of that does not more than~~
 33 **exceed the amount that would be raised by a property tax rate of**
 34 **one and one-half cents (\$0.015) on each one hundred dollars (\$100) of**
 35 **assessed valuation in the school corporation to be paid to a historical**
 36 **society, subject to subsection (c).**

37 (b) This subsection applies only to a school corporation in a county
 38 having a population of more than two hundred thousand (200,000) but
 39 less than three hundred thousand (300,000). To provide funding for a
 40 historical society under this section, the governing body of a school
 41 corporation may impose a **property tax rate** of not more than one and
 42 one-half cents (\$0.015) on each one hundred dollars (\$100) of assessed

C
O
P
Y



1 valuation in the school corporation. ~~This tax is not subject to the tax~~
 2 ~~levy limitations imposed on the school corporation by IC 6-1.1-19-1.5~~
 3 ~~or the provisions of IC 21-2-11-8.~~ The school corporation shall deposit
 4 the proceeds of the tax in a fund to be known as the historical society
 5 fund. The historical society fund is separate and distinct from the
 6 school corporation's general fund and may be used only for the purpose
 7 of providing funds for a historical society under this section. Subject to
 8 subsection (c), the governing body of the school corporation may
 9 annually appropriate the money in the fund to be paid in semiannual
 10 installments to a historical society having facilities in the county.

11 (c) Before a historical society may receive payments under this
 12 section, its governing board must adopt a resolution that entitles:

13 (1) the governing body of the school corporation to appoint its
 14 superintendent and one (1) of its history teachers as visitors, with
 15 the privilege of attending all meetings of the society's governing
 16 board;

17 (2) the governing body of the school corporation to nominate two
 18 (2) persons for membership on the society's governing board;

19 (3) the school corporation to use any of the society's facilities and
 20 equipment for educational purposes consistent with the society's
 21 purposes;

22 (4) the students and teachers of the school corporation to tour the
 23 society's museum, if any, free of charge; and

24 (5) the school corporation to borrow artifacts from the society's
 25 collection, if any, for temporary exhibit in the schools.

26 SECTION 50. IC 20-5-17.5-2 (DELAYED VERSION) IS
 27 AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1,
 28 2001]: Sec. 2. (a) This subsection does not apply to a school
 29 corporation in a county having a population of more than two hundred
 30 thousand (200,000) but less than three hundred thousand (300,000).
 31 The governing body of a school corporation may annually **levy and**
 32 appropriate, from its general fund, a sum ~~of that does not exceed the~~
 33 **amount that would be raised by a property tax rate of** more than
 34 five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of
 35 assessed valuation in the school corporation to be paid to a historical
 36 society, subject to subsection (c).

37 (b) This subsection applies only to a school corporation in a county
 38 having a population of more than two hundred thousand (200,000) but
 39 less than three hundred thousand (300,000). To provide funding for a
 40 historical society under this section, the governing body of a school
 41 corporation may impose a **property tax rate** of not more than
 42 five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of



C
O
P
Y

1 assessed valuation in the school corporation. ~~This tax is not subject to~~
 2 ~~the tax levy limitations imposed on the school corporation by~~
 3 ~~IC 6-1.1-19-1.5 or the provisions of IC 21-2-11-8.~~ The school
 4 corporation shall deposit the proceeds of the tax in a fund to be known
 5 as the historical society fund. The historical society fund is separate
 6 and distinct from the school corporation's general fund and may be
 7 used only for the purpose of providing funds for a historical society
 8 under this section. Subject to subsection (c), the governing body of the
 9 school corporation may annually appropriate the money in the fund to
 10 be paid in semiannual installments to a historical society having
 11 facilities in the county.

12 (c) Before a historical society may receive payments under this
 13 section, its governing board must adopt a resolution that entitles:

- 14 (1) the governing body of the school corporation to appoint its
 15 superintendent and one (1) of its history teachers as visitors, with
 16 the privilege of attending all meetings of the society's governing
 17 board;
- 18 (2) the governing body of the school corporation to nominate two
 19 (2) persons for membership on the society's governing board;
- 20 (3) the school corporation to use any of the society's facilities and
 21 equipment for educational purposes consistent with the society's
 22 purposes;
- 23 (4) the students and teachers of the school corporation to tour the
 24 society's museum, if any, free of charge; and
- 25 (5) the school corporation to borrow artifacts from the society's
 26 collection, if any, for temporary exhibit in the schools.

27 SECTION 51. IC 20-5-17.5-3 (CURRENT VERSION) IS
 28 AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1,
 29 2000]: Sec. 3. (a) This section applies to school corporations in a
 30 county containing a city having a population of:

- 31 (1) more than one hundred fifty thousand (150,000) but less than
 32 five hundred thousand (500,000);
- 33 (2) more than one hundred twenty thousand (120,000) but less
 34 than one hundred fifty thousand (150,000);
- 35 (3) more than one hundred ten thousand (110,000) but less than
 36 one hundred twenty thousand (120,000);
- 37 (4) more than ninety thousand (90,000) but less than one hundred
 38 ten thousand (110,000); or
- 39 (5) more than seventy-five thousand (75,000) but less than ninety
 40 thousand (90,000).

41 (b) In order to provide funding for an art association under this
 42 section, the governing body of a school corporation may impose a tax



of not more than one and one-half cents (\$0.015) on each one hundred dollars (\$100) of assessed valuation in the school corporation. ~~This tax is not subject to the tax levy limitations imposed on the school corporation by IC 6-1.1-19-1.5 or the provisions of IC 21-2-11-8.~~

(c) The school corporation shall deposit the proceeds of the tax imposed under subsection (b) in a fund to be known as the art association fund. The art association fund is separate and distinct from the school corporation's general fund and may be used only for the purpose of providing funds for an art association under this section. The governing body of the school corporation may annually appropriate the money in the fund to be paid in semiannual installments to an art association having facilities in a city that is listed in subsection (a), subject to subsection (d).

(d) Before an art association may receive payments under this section, its governing board must adopt a resolution that entitles:

(1) the governing body of the school corporation to appoint its superintendent and its director of art instruction as visitors, with the privilege of attending all meetings of the association's governing board;

(2) the governing body of the school corporation to nominate persons for membership on the association's governing board, with at least two (2) of the nominees to be elected;

(3) the school corporation to use any of the association's facilities and equipment for educational purposes consistent with the association's purposes;

(4) the students and teachers of the school corporation to tour the association's museum and galleries free of charge;

(5) the school corporation to borrow materials from the association for temporary exhibit in the schools;

(6) the teachers of the school corporation to receive normal instruction in the fine and applied arts at half the regular rates charged by the association; and

(7) the school corporation to expect such exhibits in the association's museum as will supplement the work of the students and teachers of the corporation.

A copy of the resolution, certified by the president and secretary of the association, must be filed in the office of the school corporation before payments may be received.

(e) A resolution filed under subsection (d) need not be renewed from year to year but continues in effect until rescinded. An art association that complies with this section is entitled to continue to receive payments under this section as long as it so complies.



(f) Whenever more than one (1) art association in a city that is listed in subsection (a) qualifies to receive payments under this section, the governing body of the school corporation shall select the one (1) art association best qualified to perform the services described by subsection (c). A school corporation may select only one (1) art association to receive payments under this section.

SECTION 52. IC 20-5-17.5-3 (DELAYED VERSION) IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2001]: Sec. 3. (a) This section applies to school corporations in a county containing a city having a population of:

- (1) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000);
- (2) more than one hundred twenty thousand (120,000) but less than one hundred fifty thousand (150,000);
- (3) more than one hundred ten thousand (110,000) but less than one hundred twenty thousand (120,000);
- (4) more than ninety thousand (90,000) but less than one hundred ten thousand (110,000); or
- (5) more than seventy-five thousand (75,000) but less than ninety thousand (90,000).

(b) In order to provide funding for an art association under this section, the governing body of a school corporation may impose a tax of not more than five-tenths of one cent (\$0.005) on each one hundred dollars (\$100) of assessed valuation in the school corporation. ~~This tax is not subject to the tax levy limitations imposed on the school corporation by IC 6-1.1-19-1.5 or the provisions of IC 21-2-11-8.~~

(c) The school corporation shall deposit the proceeds of the tax imposed under subsection (b) in a fund to be known as the art association fund. The art association fund is separate and distinct from the school corporation's general fund and may be used only for the purpose of providing funds for an art association under this section. The governing body of the school corporation may annually appropriate the money in the fund to be paid in semiannual installments to an art association having facilities in a city that is listed in subsection (a), subject to subsection (d).

(d) Before an art association may receive payments under this section, its governing board must adopt a resolution that entitles:

- (1) the governing body of the school corporation to appoint its superintendent and its director of art instruction as visitors, with the privilege of attending all meetings of the association's governing board;
- (2) the governing body of the school corporation to nominate



persons for membership on the association's governing board, with at least two (2) of the nominees to be elected;

(3) the school corporation to use any of the association's facilities and equipment for educational purposes consistent with the association's purposes;

(4) the students and teachers of the school corporation to tour the association's museum and galleries free of charge;

(5) the school corporation to borrow materials from the association for temporary exhibit in the schools;

(6) the teachers of the school corporation to receive normal instruction in the fine and applied arts at half the regular rates charged by the association; and

(7) the school corporation to expect such exhibits in the association's museum as will supplement the work of the students and teachers of the corporation.

A copy of the resolution, certified by the president and secretary of the association, must be filed in the office of the school corporation before payments may be received.

(e) A resolution filed under subsection (d) need not be renewed from year to year but continues in effect until rescinded. An art association that complies with this section is entitled to continue to receive payments under this section as long as it so complies.

(f) Whenever more than one (1) art association in a city that is listed in subsection (a) qualifies to receive payments under this section, the governing body of the school corporation shall select the one (1) art association best qualified to perform the services described by subsection (c). A school corporation may select only one (1) art association to receive payments under this section.

SECTION 53. IC 20-5-62-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 6. Except as provided in this chapter and notwithstanding any other law, a freeway school corporation or a freeway school may do the following during the contract period:

(1) Disregard the observance of any statute or rule that is listed in the contract.

(2) Lease school transportation equipment to others for nonschool use when the equipment is not in use for a school corporation purpose, if the lessee has not received a bid from a private entity to provide transportation equipment or services for the same purpose.

(3) Replace the budget and accounting system that is required by law with a budget or accounting system that is frequently used in

C
O
P
Y



the private business community. The state board of accounts may not go beyond the requirements imposed upon the state board of accounts by statute in reviewing the budget and accounting system used by a freeway school corporation or a freeway school. (4) Establish a professional development and technology fund to be used for:

(A) professional development; or

(B) technology, including video distance learning.

(5) Transfer funds obtained from sources other than state or local government taxation among any accounts of the school corporation, including a professional development and technology fund established under subdivision (4).

(6) Transfer funds ~~obtained from property taxation and from state distributions among~~ **between** the general fund (established under IC 21-2-11) and the school transportation fund (established under IC 21-2-11.5). ~~subject to the following:~~

~~(A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this subdivision.~~

~~(B) However,~~ this subdivision does not allow a school corporation to transfer to any other fund money from the:

(i) (A) capital projects fund (established under IC 21-2-15); or

(ii) (B) debt service fund (established under IC 21-2-4).

(7) Establish a locally adopted assessment program to replace the assessment of students under the ISTEP program established under IC 20-10.1-16-8, subject to the following:

(A) A locally adopted assessment program must be established by the governing body and approved by the department.

(B) A locally adopted assessment program may use a locally developed test or a nationally developed test.

(C) Results of assessments under a locally adopted assessment program are subject to the same reporting requirements as results under the ISTEP program.

(D) Each student who completes a locally adopted assessment program and the student's parent or guardian has the same rights to inspection and rescoring as are set forth in IC 20-10.1-16-7(d).

SECTION 54. IC 20-8.1-3-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 17. (a) Subject to



the specific exceptions under this chapter, each individual shall attend either a public school which the individual is entitled to attend under IC 20-8.1-6.1 or some other school which is taught in the English language.

(b) An individual is bound by the requirements of this chapter from the earlier of the date on which the individual officially enrolls in a school or, except as provided in subsection (h), the beginning of the fall school term for the school year in which the individual becomes seven (7) years of age until the date on which the individual:

(1) graduates;

(2) reaches at least sixteen (16) years of age but who is less than eighteen (18) years of age and the requirements under subsection (j) concerning an exit interview are met enabling the individual to withdraw from school before graduation; or

(3) reaches at least eighteen (18) years of age;

whichever occurs first.

(c) An individual who:

(1) enrolls in school before the fall school term for the school year in which the individual becomes seven (7) years of age; and

(2) is withdrawn from school before the school year described in subdivision (1) occurs;

is not subject to the requirements of this chapter until the individual is reenrolled as required in subsection (b). Nothing in this section shall be construed to require that a child complete grade 1 before the child reaches eight (8) years of age.

(d) An individual for whom education is compulsory under this section shall attend school each year:

(1) for the number of days public schools are in session in the school corporation in which the individual is enrolled in Indiana; or

(2) if the individual is enrolled outside Indiana, for the number of days the public schools are in session where the individual is enrolled.

(e) In addition to the requirements of subsections (a) through (d), an individual must be at least five (5) years of age on:

(1) July 1 of the 1991-92 school year; or

(2) June 1 of the 1992-93 school year or any subsequent school year;

to officially enroll in a kindergarten program offered by a school corporation. However, subject to subsection (g), the governing body of the school corporation shall adopt a procedure affording a parent of an individual who does not meet the minimum age requirement set forth

C
o
p
y



in this subsection the right to appeal to the superintendent of the school corporation for enrollment of the individual in kindergarten at an age earlier than the age that is set forth in this subsection.

(f) In addition to the requirements of subsections (a) through (e), and subject to subsection (g), if an individual enrolls in school as permitted under subsection (b) and has not attended kindergarten, the superintendent of the school corporation shall make a determination as to whether the individual shall enroll in kindergarten or grade 1 based on the particular model assessment adopted by the governing body under subsection (g).

(g) To assist the principal and governing bodies, the department shall do the following:

(1) Establish guidelines to assist each governing body in establishing a procedure for making appeals to the superintendent of the school corporation under subsection (e).

(2) Establish criteria by which a governing body may adopt a model assessment which will be utilized in making the determination under subsection (f).

(h) If the parents of an individual who would otherwise be subject to compulsory school attendance under subsection (b), upon request of the superintendent of the school corporation, certify to the superintendent of the school corporation that the parents intend to:

(1) enroll the individual in a nonaccredited, nonpublic school; or
(2) begin providing the individual with instruction equivalent to that given in the public schools as permitted under

~~IC 20-8.1-3-34~~; **section 34 of this chapter**;

not later than the date on which the individual reaches seven (7) years of age, the individual is not bound by the requirements of this chapter until the individual reaches seven (7) years of age.

(i) The governing body of each school corporation shall designate the appropriate employees of the school corporation to conduct the exit interviews for students described in subsection (b)(2). Each exit interview must be personally attended by:

(1) the student's parent or guardian;
(2) the student;
(3) each designated appropriate school employee; and
(4) the student's principal.

(j) A student who is at least sixteen (16) years of age but less than eighteen (18) years of age is bound by the requirements of compulsory school attendance and may not withdraw from school before graduation unless:

(1) the student, the student's parent or guardian, and the principal



1 agree to the withdrawal; and

2 (2) at the exit interview, the student provides written
3 acknowledgment of the withdrawal and the student's parent or
4 guardian and the school principal each provide written consent for
5 the student to withdraw from school.

6 (k) For the purposes of this section, "school year" ~~has the meaning~~
7 ~~set forth in IC 21-2-12-3(j):~~ **means a year beginning July 1 and**
8 **ending the next June 30.**

9 SECTION 55. IC 20-8.1-6.1-8 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. (a) As used in
11 this section, the following terms have the following meanings:

12 (1) "Class of school" refers to a classification of each school or
13 program in the transferee corporation by the grades or special
14 programs taught at the school. Generally, these classifications are
15 denominated as kindergarten, elementary school, middle school
16 or junior high school, high school, and special schools or classes,
17 such as schools or classes for special education, vocational
18 training, or career education.

19 (2) "ADM" means the following:

20 (A) For purposes of allocating to a transfer student state
21 distributions under IC 21-1-30 (primetime), "ADM" as
22 computed under IC 21-1-30-2.

23 (B) For all other purposes, "ADM" as set forth in
24 IC 21-3-1.6-1.1.

25 (3) "Pupil enrollment" means the following:

26 (A) The total number of students in kindergarten through
27 grade 12 who are enrolled in a transferee school corporation
28 on a date determined by the Indiana state board of education.

29 (B) The total number of students enrolled in a class of school
30 in a transferee school corporation on a date determined by the
31 Indiana state board of education.

32 However, a kindergarten student shall be counted under clauses
33 (A) and (B) as one-half (1/2) a student.

34 (4) "Special equipment" means equipment that during a school
35 year:

36 (A) is used only when a child with disabilities is attending
37 school;

38 (B) is not used to transport a child to or from a place where the
39 child is attending school;

40 (C) is necessary for the education of each child with
41 disabilities that uses the equipment, as determined under the
42 individualized instruction program for the child; and

C
o
p
y



1 (D) is not used for or by any child who is not a child with
2 disabilities.

3 The Indiana state board of education may select a different date for
4 counts under subdivision (3). However, the same date shall be used for
5 all school corporations making a count for the same class of school.

6 (b) Each transferee corporation is entitled to receive for each school
7 year on account of each transferred student, except a student
8 transferred under section 3 of this chapter, transfer tuition from the
9 transferor corporation or the state as provided in this chapter. Transfer
10 tuition equals the amount determined under STEP THREE of the
11 following formula:

12 STEP ONE: Allocate to each transfer student the capital
13 expenditures for any special equipment used by the transfer
14 student and a proportionate share of the operating costs incurred
15 by the transferee school for the class of school where the transfer
16 student is enrolled.

17 STEP TWO: If the transferee school included the transfer student
18 in the transferee school's ADM for a school year, allocate to the
19 transfer student a proportionate share of the following general
20 fund revenues of the transferee school for, except as provided in
21 clause (C), the calendar year in which the school year ends:

22 (A) The following state distributions that are computed in any
23 part using ADM or other pupil count in which the student is
24 included:

- 25 (i) Primetime grant under IC 21-1-30.
- 26 (ii) Tuition support for basic programs and at-risk weights
- 27 under IC 21-3-1.7-8 (before January 1, 1996) and only for
- 28 basic programs (after December 31, 1995).
- 29 (iii) Enrollment growth grant under IC 21-3-1.7-9.5.
- 30 (iv) At-risk grant under IC 21-3-1.7-9.7.
- 31 (v) Academic honors diploma award under IC 21-3-1.7-9.8.
- 32 (vi) Vocational education grant under IC 21-3-1.8-3.
- 33 (vii) Special education grant under IC 21-3-1.8 (repealed
- 34 January 1, 1996) or IC 21-3-10.
- 35 (viii) The portion of the ADA flat grant that is available for
- 36 the payment of general operating expenses under
- 37 IC 21-3-4.5-2(b)(1).

38 (B) For school years beginning after June 30, 1997, property
39 tax levies.

40 (C) For school years beginning after June 30, 1997, excise tax
41 revenue (as defined in IC 21-3-1.7-2) received for deposit in
42 the calendar year in which the school year begins.

C
o
p
y



(D) For school years beginning after June 30, 1997, allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

(A) zero (0); or

(B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana under a court order, the institution or facility shall charge the county office of the county of the student's legal settlement under IC 12-19-7 for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

- (1) capital outlay;
- (2) debt service;
- (3) costs of transportation;
- (4) salaries of board members;
- (5) contracted service for legal expenses; and
- (6) any expenditure which is made out of the general fund from extracurricular account receipts;

for the school year.

(d) The capital cost of special equipment for a school year is equal to:

- (1) the cost of the special equipment; divided by
- (2) the product of:
 - (A) the useful life of the special equipment, as determined under the rules adopted by the Indiana state board of education; multiplied by
 - (B) the number of students using the special equipment during at least part of the school year.

(e) When an item of expense or cost described in subsection (c) cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the pupil enrollment of each class in the transferee corporation compared to the total pupil enrollment in the school corporation.

(f) Operating costs shall be allocated to a transfer student for each school year by dividing:



1 (1) the transferee school corporation's operating costs for the class
2 of school in which the transfer student is enrolled; by

3 (2) the pupil enrollment of the class of school in which the
4 transfer student is enrolled.

5 When a transferred student is enrolled in a transferee corporation for
6 less than the full school year of pupil attendance, the transfer tuition
7 shall be calculated by the portion of the school year for which the
8 transferred student is enrolled. A school year of pupil attendance
9 consists of the number of days school is in session for pupil attendance.
10 A student, regardless of the student's attendance, is enrolled in a
11 transferee school unless the student is no longer entitled to be
12 transferred because of a change of residence, the student has been
13 excluded or expelled from school for the balance of the school year or
14 for an indefinite period, or the student has been confirmed to have
15 withdrawn from school. The transferor and the transferee corporation
16 may enter into written agreements concerning the amount of transfer
17 tuition due in any school year. Where an agreement cannot be reached,
18 the amount shall be determined by the Indiana state board of education,
19 and costs may be established, when in dispute, by the state board of
20 accounts.

21 (g) A transferee school shall allocate revenues described in
22 subsection (b) STEP TWO to a transfer student by dividing:

23 (1) the total amount of revenues received; by

24 (2) the ADM of the transferee school for the school year that ends
25 in the calendar year in which the revenues are received.

26 However, for state distributions under IC 21-1-30, IC 21-3-10, or any
27 other statute that computes the amount of a state distribution using less
28 than the total ADM of the transferee school, the transferee school shall
29 allocate the revenues to the transfer student by dividing the revenues
30 that the transferee school is eligible to receive in a calendar year by the
31 pupil count used to compute the state distribution.

32 (h) In lieu of the payments provided in subsection (b), the transferor
33 corporation or state owing transfer tuition may enter into a long term
34 contract with the transferee corporation governing the transfer of
35 students. This contract is for a maximum period of five (5) years with
36 an option to renew, and may specify a maximum number of pupils to
37 be transferred and fix a method for determining the amount of transfer
38 tuition and the time of payment, which may be different from that
39 provided in section 9 of this chapter.

40 (i) If the school corporation can meet the requirements of
41 IC 21-1-30-5, it may negotiate transfer tuition agreements with a
42 neighboring school corporation that can accommodate additional

C
o
p
y



students. Agreements under this section may be for one (1) year or longer and may fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 9 of this chapter. A school corporation may not transfer a student under this section without the prior approval of the child's parent or guardian.

(j) ~~If a school corporation experiences a net financial impact with regard to transfer tuition that is negative for a particular school year as described in IC 6-1.1-19-5.1 the school corporation may appeal for an excessive levy as provided under IC 6-1.1-19-5.1.~~

SECTION 56. IC 20-8.1-6.5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 4. (a) Where a transfer is ordered to commence in a school year, where the transferor corporation has net additional costs over savings (on account of any transfer ordered) allocable to the calendar year in which the school year begins, and where the transferee corporation has no budgeted funds for such net additional costs, they may be recovered by one (1) or more of the following methods in addition to any other methods provided by applicable law:

(1) An emergency loan made pursuant to IC 20-5-4-6 to be paid, however, out of the debt service levy and fund, or a loan from any state fund made available therefor.

(2) An advance in such calendar year of state funds, which would otherwise become payable to the transferee corporation after such calendar year pursuant to applicable law.

(3) A grant or grants in such calendar year from any funds of the state made available therefor.

(b) The net additional costs shall be certified by the state board of tax commissioners and any grant shall be made solely after affirmative recommendation of the tax control board created by IC 6-1.1-19-4.1. Repayment of any advance or loan from the state shall be made in accordance with IC 6-1.1-19-4.5(d) **(repealed January 1, 2000) and IC 6-1.1-19-4.4(c).** The Use of any of the methods enumerated above shall not subject the transferor corporation to the provisions of IC 6-1.1-19-4.7 **(repealed January 1, 2000).**

SECTION 57. IC 20-8.1-6.5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 9. ~~Transportation Costs } State Reimbursement.~~ Transportation costs for transferred students for each calendar year or for capital outlay and for operations shall be reimbursed by the state to the transferor corporation in the same percent of the total outlay which the distributions to the transferor corporation under IC 1971, 21-3-1.5-3, or from the state flat grant



1 ~~distribution account where it is credited to the general transportation~~
 2 ~~fund constitute of its total annual general transportation fund~~
 3 ~~appropriations for such year. In this calculation there shall be excluded~~
 4 ~~from general transportation fund appropriations capital outlay and~~
 5 ~~debt service. and any expenditure which is made out of the general~~
 6 ~~fund from extracurricular accounts. Any amount not thus reimbursed~~
 7 ~~and raised as part of the transferor corporation's general fund levy shall~~
 8 ~~constitute an increase in its base tax levy for such budget year, as~~
 9 ~~otherwise defined and as applied in IC 6-1.1-1-16; and IC 6-1.1-1-19: In~~
 10 ~~no event shall the state reimbursement for transportation operating~~
 11 ~~expense to the transferor corporation be less than it would receive~~
 12 ~~under applicable law without regard to this section.~~

13 SECTION 58. IC 20-8.1-7-18 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 18. (a) Whenever
 15 the test required under section 17 of this chapter discloses that the
 16 hearing of any child is impaired and the child cannot be taught
 17 advantageously in regular classes, the governing body of the school
 18 corporation shall provide appropriate remedial measures and
 19 correctional devices. The governing body shall advise the child's
 20 parents of the proper medical care, attention, and treatment needed.
 21 The governing body shall provide approved mechanical auditory
 22 devices and prescribe courses in lip reading by qualified, competent,
 23 and approved instructors. The superintendent of public instruction and
 24 the head of the rehabilitative services bureau of the division of
 25 disability, aging, and rehabilitative services shall cooperate with school
 26 corporations to provide this assistance; they shall also provide advice
 27 and information to assist school corporations in complying with this
 28 section. The local governing body may adopt rules and regulations for
 29 the administration of this section.

30 (b) Each school corporation may receive and accept bequests and
 31 donations for immediate use or as trusts or endowments to assist in
 32 meeting costs and expenses incurred in complying with the
 33 requirements of this section. When funds for the full payment of these
 34 expenses are not otherwise available, in any school corporation, any
 35 unexpended balance in the state treasury which is available for the use
 36 of local schools and is otherwise unappropriated may be loaned to the
 37 school corporation for that purpose by the governor. Any loan made by
 38 the governor under this section shall be repaid to the fund in the state
 39 treasury from which it came within two (2) years after the date it was
 40 advanced. These loans shall be repaid ~~through the levying of taxes in~~
 41 ~~the borrowing from funds available to the school corporation. If the~~
 42 ~~advance is not repaid, the amount due may be withheld from the~~



1 **distribution of other state funds to the school corporation to which**
 2 **the advance is made.**

3 SECTION 59. IC 20-9.1-1-3 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. ~~Definition;~~
 5 ~~"Private School":~~ As used in this article, the term "private school"
 6 means any school ~~which is not supported and maintained by funds~~
 7 ~~realized from the imposition of a tax on property, income or sales; that~~
 8 **is not a school corporation (as defined in IC 36-1-2-17).**

9 SECTION 60. IC 20-10.1-6.5-1 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. As used in this
 11 chapter:

12 "Advancement fund" refers to the school technology advancement
 13 account as created under section 4 of this chapter.

14 "Board" refers to the **Indiana** state board of education established
 15 under IC 20-1-1-1.

16 "School corporation" ~~means any corporation authorized by law to~~
 17 ~~establish public schools and levy taxes for their maintenance; has the~~
 18 **meaning set forth in IC 36-1-2-17.**

19 SECTION 61. IC 21-2-3.1-1 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1. This chapter
 21 applies if a township board finds, at an annual or special meeting of the
 22 board, that:

23 (1) it is necessary to provide for the construction of a school
 24 building; and

25 (2) the cost of the building, or the proportional cost if it is a joint
 26 graded high school building, will be in excess of the ~~sum~~
 27 **available from an annual levy: amount of available funds.**

28 SECTION 62. IC 21-2-4-7 IS ADDED TO THE INDIANA CODE
 29 AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JULY
 30 1, 1999]: **Sec. 7. A school corporation shall annually levy a sum**
 31 **sufficient to meet all payments of principal and interest on debt**
 32 **service payable from the debt service fund as the payments mature.**

33 SECTION 63. IC 21-2-5.6-3 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. Subject to the
 35 approval of the commissioner of the department of insurance, the
 36 governing body of the school corporation may:

37 (1) for eventual transfer to the self-insurance fund, include an
 38 amount of money in

39 ~~(A) the general fund budget; and~~

40 ~~(B) the general fund tax levy and rate;~~

41 (2) transfer monies from the general fund to the self-insurance
 42 fund; or



(3) appropriate monies from the general fund for the self-insurance fund.

SECTION 64. IC 21-2-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. The governing body of each school corporation in the state of Indiana shall establish a general fund for the operation and maintenance of local schools. ~~and~~ **The governing body shall levy a tax therefor in calendar years before January 1, 2000. Except as otherwise provided by statute,** all receipts and disbursements heretofore authorized by law for school funds and tax levies for the tuition fund; special school fund; special fund; vocational fund; recreation fund; compulsory education fund; school library fund; high school library fund; public employee's retirement fund; operating fund; transportation tax and county wide school tax shall on and after January 1, 1968; be received in and disbursed from the general fund. **For property taxes first due and payable before January 1, 2000, the tax levy and rate for the general fund shall be established by the governing body of each school corporation. for the 1968 calendar year and all succeeding calendar years. Any balances of all the aforesaid funds on January 1, 1968 shall be transferred to the general fund. The general assembly declares that sufficient tax revenues and distributions will be provided after December 31, 1999, so that each school corporation will be eligible to receive for its general fund an amount at least equal to the amount that the school corporation received in the immediately preceding year.**

SECTION 65. IC 21-2-11-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5. Any self supporting programs maintained by any school corporation, including but not limited to school lunch and rental or sale of textbooks, may be established as separate funds, separate and apart from the general fund, if no **state distributions under IC 21-3-1.7 or local tax rate is established therefor. funds are involved.**

SECTION 66. IC 21-2-11-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 6. Moneys received by any school corporation for a specific purpose or purposes, by gift, endowment or pursuant to any federal statute, may be accounted for by establishing separate funds, separate and apart from the general fund, if no **state distributions under IC 21-3-1.7 or local tax funds are involved. Provided, That** No such funds shall be accepted unless the terms of the gift, endowment or payment, and the acceptance thereof, are so stated that the officers of the school corporation are not divested of any right or authority which they ~~now have or may hereafter be~~ **are**



1 granted by law. Such moneys so received for specific purposes, and any
2 earnings thereon, may be disbursed without appropriation.

3 SECTION 67. IC 21-2-11.5-3 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3. (a) ~~Subject to~~
5 ~~subsection (b); each A~~ school corporation may **not** levy for the calendar
6 year a property tax for the school transportation fund's operating costs
7 account. ~~sufficient to pay all operating costs attributable to~~
8 ~~transportation that:~~

9 (1) are not paid from other revenues available to the fund as
10 specified in section 4 of this chapter; and

11 (2) are listed in section 2(b)(1) through 2(b)(7) of this chapter.

12 (b) For taxes first due and payable in 1996, the property tax levy for
13 the fund's operating costs account may not exceed the amount
14 determined using the following formula:

15 STEP ONE: Determine the sum of the expenditures attributable
16 to operating costs listed in section 2(b)(1) through 2(b)(7) of this
17 chapter that were made by the school corporation as determined
18 by the state board of tax commissioners for all operating costs
19 attributable to transportation that are not paid from other revenues
20 available to the fund for school years ending in 1993, 1994, and
21 1995.

22 STEP TWO: Divide the amount determined in STEP ONE by
23 three (3).

24 STEP THREE: Determine the greater of:

25 (A) the STEP TWO amount; or

26 (B) the school corporation's actual transportation fund levy
27 attributable to operating costs for property taxes first due and
28 payable in 1995.

29 STEP FOUR: Multiply the amount determined in STEP THREE
30 by one and five-hundredths (1.05).

31 (c) For each year after 1996, the levy for the fund's operating
32 account may not exceed the levy for the previous year multiplied by the
33 assessed value growth quotient determined using the following
34 formula:

35 STEP ONE: Determine the three (3) calendar years that most
36 immediately precede the ensuing calendar year and in which a
37 statewide general reassessment of real property does not first
38 become effective.

39 STEP TWO: Compute separately, for each of the calendar years
40 determined in STEP ONE, the quotient (rounded to the nearest
41 ten-thousandth) of the school corporation's total assessed value of
42 all taxable property in the particular calendar year, divided by the



1 school corporation's total assessed value of all taxable property in
 2 the calendar year immediately preceding the particular calendar
 3 year:

4 STEP THREE: Divide the sum of the three (3) quotients
 5 computed in STEP TWO by three (3):

6 STEP FOUR: Determine the greater of the result computed in
 7 STEP THREE or one and five-hundredths (1.05):

8 STEP FIVE: Determine the lesser of the result computed in STEP
 9 FOUR or one and one-tenth (1.1):

10 If the assessed values of taxable property used in determining a school
 11 corporation's property taxes that are first due and payable in a
 12 particular calendar year are significantly increased over the assessed
 13 values used for the immediately preceding calendar year's property
 14 taxes due to the settlement of litigation concerning the general
 15 reassessment of that school corporation's real property, then for
 16 purposes of determining that school corporation's assessed value
 17 growth quotient for an ensuing calendar year, the state board of tax
 18 commissioners shall replace the quotient described in STEP TWO for
 19 that particular calendar year. The state board of tax commissioners
 20 shall replace that quotient with one that as accurately as possible will
 21 reflect the actual growth in the school corporation's assessed values of
 22 real property from the immediately preceding calendar year to that
 23 particular calendar year. The maximum property levy limit computed
 24 under this section for the operating account shall be reduced to reflect
 25 the transfer of costs from the operating account of the transportation
 26 fund to the school bus replacement account of the transportation fund
 27 under section 2(e) of this chapter. The total reduction in the operating
 28 account maximum property tax levy may not exceed the amount of the
 29 fair market lease value of the contracted transportation service
 30 expenditures paid from the operating account before the transfer.

31 (d) Each (b) A school corporation may **not** levy for the calendar
 32 year a tax for the school transportation fund's school bus replacement
 33 account. in accordance with the school bus acquisition plan adopted
 34 under section 3.1 of this chapter:

35 (e) The tax rate and levy shall be established as a part of the annual
 36 budget for the calendar year in accord with IC 6-1.1-17:

37 SECTION 68. IC 21-2-11.5-3.1 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 3.1. (a) Before a
 39 governing body may collect property taxes for **make an expenditure**
 40 **from** the school transportation fund's school bus replacement account
 41 in a particular calendar year, the governing body must, after January 1
 42 and not later than September 20 of the immediately preceding year for

C
o
p
y



all years before 1999 and not later than January 31 for 1999 and all subsequent years.

(1) conduct a public hearing on; and

(2) pass a resolution to adopt;

a plan under this section.

(b) The state board of tax commissioners shall prescribe the format of the plan. A plan must apply to at least the ten (10) budget years immediately following the year the plan is adopted. A plan must at least include the following:

(1) An estimate for each year to which it applies of the nature and amount of proposed expenditures from the transportation fund's school bus replacement account.

(2) A presumption that the minimum useful life of a school bus is not less than ten (10) years.

(3) An identification of:

(A) the source of all revenue to be dedicated to the proposed expenditures in the upcoming budget year; and

(B) the amount of ~~property taxes to be collected~~ **state distributions** in that year **for the account** and the unexpended balance to be retained in the account for expenditures proposed for a later year.

(4) If the school corporation is seeking to:

(A) acquire; or

(B) contract for transportation services that will provide; additional school buses or school buses with a larger seating capacity as compared to the number and type of school buses from the prior school year, evidence of a demand for increased transportation services within the school corporation. Clause (B) does not apply if contracted transportation services are not paid from the school bus replacement account.

(5) If the school corporation is seeking to:

(A) replace an existing school bus earlier than ten (10) years after the existing school bus was originally acquired; or

(B) require a contractor to replace a school bus; evidence that the need exists for the replacement of the school bus. Clause (B) does not apply if contracted transportation services are not paid from the school bus replacement account.

(6) Evidence that the school corporation that seeks to acquire additional school buses under this section is acquiring or contracting for the school buses only for the purposes specified in subdivision (4) or for replacement purposes.

(c) After reviewing the plan, the state board of tax commissioners



1 shall certify its approval, disapproval, or modification of the plan to the
 2 governing body and the auditor of the county. The state board of tax
 3 commissioners may seek the recommendation of the school property
 4 tax control board with respect to this determination. The action of the
 5 state board of tax commissioners with respect to the plan is final.

6 (d) The state board of tax commissioners may approve
 7 appropriations from the transportation fund's school bus replacement
 8 account only if the appropriations conform to a plan that has been
 9 adopted in compliance with this section.

10 (e) A governing body may amend a plan adopted under this section.
 11 When an amendment to a plan is required, the governing body must
 12 declare the nature of and the need for the amendment and must show
 13 cause as to why the original plan no longer meets the transportation
 14 needs of the school corporation. The governing body must then conduct
 15 a public hearing on and pass a resolution to adopt the amendment to the
 16 plan. The plan, as proposed to be amended, must comply with the
 17 requirements for a plan under subsection (b). This amendment to the
 18 plan is not subject to the deadline for adoption described in subsection
 19 (a). However, the amendment to the plan must be submitted to the state
 20 board of tax commissioners for its consideration and is subject to
 21 approval, disapproval, or modification in accordance with the
 22 procedures for adopting a plan set forth in this section.

23 (f) If a public hearing is scheduled under this section, the governing
 24 body shall publish a notice of the public hearing and the proposed plan
 25 or amendment to the plan in accordance with IC 5-3-1-2(b).

26 SECTION 69. IC 21-2-11.5-4 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 4. ~~In addition to~~
 28 ~~property tax collections~~, Receipts available for school transportation
 29 from any other revenue source, including, but not limited to, state
 30 distributions for transportation under IC 21-3-3.1, shall be received in
 31 and disbursed from the school transportation fund to pay those
 32 transportation costs described in section 2 of this chapter. An
 33 expenditure may only be made if it has been provided for in the school
 34 corporation's annual budget or by an additional appropriation under
 35 IC 6-1.1-18-5.

36 SECTION 70. IC 21-2-11.5-5 IS ADDED TO THE INDIANA
 37 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 38 [EFFECTIVE JULY 1, 1999]: **Sec. 5. A school corporation shall**
 39 **annually levy a sum sufficient to meet all payments of principal**
 40 **and interest on obligations payable from the transportation fund**
 41 **as the payments mature.**

42 SECTION 71. IC 21-2-15-15 IS ADDED TO THE INDIANA



C
O
P
Y

1 CODE AS A NEW SECTION TO READ AS FOLLOWS
 2 [EFFECTIVE JULY 1, 1999]: **Sec. 15. A school corporation shall**
 3 **annually levy a sum sufficient to meet all payments of principal**
 4 **and interest on obligations payable from the capital projects fund**
 5 **as the payments mature.**

6 SECTION 72. IC 21-3-1.6-1.1 IS AMENDED TO READ AS
 7 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 1.1. As used in
 8 this chapter:

9 (a) "School corporation" means any local public school corporation
 10 established under Indiana law.

11 (b) "School year" means a year beginning July 1 and ending the next
 12 succeeding June 30.

13 (c) "State distribution" due a school corporation means the amount
 14 of state funds to be distributed to a school corporation in any calendar
 15 year under this chapter.

16 (d) "Average daily membership" or "ADM" of a school corporation
 17 means the number of eligible pupils enrolled in the school corporation
 18 or in a transferee corporation on a day to be fixed annually by the
 19 Indiana state board of education. Such day shall fall within the first
 20 thirty (30) days of the school term. If, however, extreme patterns of
 21 student in-migration, illness, natural disaster, or other unusual
 22 conditions in a particular school corporation's enrollment on the
 23 particular day thus fixed, cause the enrollment to be unrepresentative
 24 of the school corporation's enrollment throughout a school year, the
 25 Indiana state board of education may designate another day for
 26 determining the school corporation's enrollment. The Indiana state
 27 board of education shall monitor changes, which occur after the fall
 28 count, in the number of students enrolled in programs for children with
 29 disabilities and shall, before December 2 of that same year, make an
 30 adjusted count of students enrolled in programs for children with
 31 disabilities. The superintendent of public instruction shall certify the
 32 adjusted count to the budget committee before February 5 of the
 33 following year. In determining the ADM, each kindergarten pupil shall
 34 be counted as one-half (1/2) pupil. Where a school corporation
 35 commences kindergarten in a school year, the ADM of the current and
 36 prior calendar years shall be adjusted to reflect the enrollment of the
 37 kindergarten pupils. "Current ADM" of a school corporation used in
 38 computing its state distribution in a calendar year means the ADM of
 39 the school year ending in the calendar year. "ADM of the previous
 40 year" or "ADM of the prior year" of a school corporation used in
 41 computing its state distribution in a calendar year means the ADM of
 42 the school corporation for the school year ending in the preceding



1 calendar year.

2 (e) "Additional count" of a school corporation, or comparable
3 language, means the aggregate of the additional counts of the school
4 corporation for certain pupils as set out in section 3 of this chapter and
5 as determined at the times for calculating ADM. "Current additional
6 count" means the additional count of the school corporation for the
7 school year ending in the calendar year. "Prior year additional count"
8 of a school corporation used in computing its state distribution in a
9 calendar year means the additional count of the school corporation for
10 the school year ending in the preceding calendar year.

11 (f) "Adjusted assessed valuation" of any school corporation used in
12 computing state distribution for a calendar year means the assessed
13 valuation in the school corporation. ~~adjusted as provided in~~
14 ~~IC 6-1.1-34.~~ The amount of the valuation shall also be adjusted
15 downward by the state board of tax commissioners to the extent it
16 consists of real or personal property owned by a railroad or other
17 corporation under the jurisdiction of a federal court under the federal
18 bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the corporation
19 being involved in a bankruptcy proceeding the corporation is
20 delinquent in payment of its Indiana real and personal property taxes
21 for the year to which the valuation applies. If the railroad or other
22 corporation in some subsequent calendar year makes payment of the
23 delinquent taxes, then the state superintendent of public instruction
24 shall prescribe adjustments in the distributions of state funds pursuant
25 to this chapter as are thereafter to become due to a school corporation
26 affected by the delinquency as will ensure that the school corporation
27 will not have been unjustly enriched under the provisions of
28 P.L.382-1987(ss).

29 (g) "General fund" means a school corporation fund established
30 under IC 21-2-11-2.

31 (h) "Teacher" means every person who is required as a condition of
32 employment by a school corporation to hold a teacher's license issued
33 or recognized by the state, except substitutes and any person paid
34 entirely from federal funds.

35 (i) "Teacher ratio" of a school corporation used in computing state
36 distribution in any calendar year means the ratio assigned to the school
37 corporation pursuant to section 2 of this chapter.

38 (j) "Eligible pupil" means a pupil enrolled in a school corporation
39 if:

- 40 (1) the school corporation has the responsibility to educate the
- 41 pupil in its public schools without the payment of tuition;
- 42 (2) subject to subdivision (5), the school corporation has the

C
o
p
y



responsibility to pay transfer tuition under IC 20-8.1-6.1, because the pupil is transferred for education to another school corporation (the "transferee corporation");

(3) the pupil is enrolled in a school corporation as a transfer student under IC 20-8.1-6.1-3 or entitled to be counted for ADM or additional count purposes as a resident of the school corporation when attending its schools under any other applicable law or regulation;

(4) the state is responsible for the payment of transfer tuition to the school corporation for the pupil under IC 20-8.1-6.1; or

(5) all of the following apply:

(A) The school corporation is a transferee corporation.

(B) The pupil does not qualify as a qualified pupil in the transferee corporation under subdivision (3) or (4).

(C) The transferee corporation's attendance area includes a state licensed private or public health care facility, child care facility, or foster family home where the pupil was placed:

(i) by or with the consent of the division of family and children;

(ii) by a court order; or

(iii) by a child placing agency licensed by the division of family and children.

(k) "General fund budget" of a school corporation means the amount of the budget approved for a given year by the state board of tax commissioners and used by the state board of tax commissioners in certifying a school corporation's general fund tax levy and tax rate for the school corporation's general fund as provided for in IC 21-2-11.

SECTION 73. IC 21-3-1.7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 5. As used in this chapter, "tuition support levy" means with respect to a school corporation for a year the ~~maximum~~ general fund ad valorem property tax levy for the school corporation ~~determined under IC 6-1.1-19-1.5~~ **based on the maximum property tax rate for the school corporation**, reduced by the following:

(1) An amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

(2) ~~The original amount of any excessive tax levy the school corporation imposed as a result of the passage, during the preceding year, of a referendum under IC 6-1.1-19-4(e)(1)(bb) or IC 6-1.1-19-4.5(c) for taxes first due and payable during the year:~~



(3) (2) The portion of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

SECTION 74. IC 21-3-1.7-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 8. Notwithstanding IC 21-3-1.6 and subject to section 9 of this chapter, the state distribution for a calendar year for tuition support for basic programs for each school corporation equals the result determined using the following formula:

STEP ONE: Determine the greater of the following:

(A) The product of:

(i) the school corporation's target revenue per ADM; multiplied by

(B) (ii) the school corporation's adjusted current ADM.

(B) The product of:

(i) the school corporation's previous year revenue; multiplied by

(ii) one and three-hundredths (1.03).

STEP TWO: Determine the remainder of:

(A) the STEP ONE amount; minus

(B) the sum of:

(i) the school corporation's tuition support levy; plus

(ii) the school corporation's excise tax revenue for the year that precedes the current year by one (1) year.

If the state tuition support determined for a school corporation under this section is negative, the school corporation is not entitled to any state tuition support. In addition, the school corporation's maximum general fund levy under ~~IC 6-1.1-19-1.5~~ IC 6-1.1-19 shall be reduced by the amount of the negative result.

SECTION 75. IC 21-4-20-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. Whenever it is found by the board of school trustees or other proper authorities of any school city or school town that an emergency exists for the borrowing of money with which to meet the current expenses of the schools of such school town or school city, the board of school trustees or other proper authorities of such school city or school town may make temporary loans in anticipation of the current revenues of such school town or school city to an amount not exceeding fifty percent (50%) of the ~~amount of taxes actually levied and revenue~~ in the course of collection for the fiscal year in which such loans are made. Revenues shall be deemed to be current and taxes shall be deemed to have been actually



1 levied and in the course of collection when the budget levy and rate
 2 shall have been finally approved by the state board of tax
 3 commissioners. ~~Provided, However, That~~ in all second and third class
 4 school cities, no such loans shall be borrowed in excess of the sum of
 5 twenty thousand dollars (\$20,000) until the letting of the same shall
 6 have been advertised once each week for two (2) successive weeks in
 7 two (2) newspapers of general circulation published in such school city,
 8 and until sealed bids have been submitted at a regular meeting of the
 9 school board of such school city, pursuant to such notices, stipulating
 10 the rate of interest to be charged by such bidder. ~~and Provided, further,~~
 11 ~~That~~ Such school loans shall be made with the bidder submitting the
 12 lowest rate of interest and submitting with his bid an affidavit showing
 13 that no collusion exists between himself and any other bidder for such
 14 loan.

15 SECTION 76. IC 32-9-1.5-16 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 16. For purposes of
 17 section 49 of this chapter, "political subdivision" includes any Indiana
 18 municipality, county, civil township, civil incorporated city or town,
 19 ~~public~~ school corporation (as defined in IC 36-1-2-17), university or
 20 college supported in part by state funds, or any other territorial
 21 subdivision of the state recognized or designated in any law, including
 22 judicial circuits, a public utility entity not privately owned, special
 23 taxing district or entity, and public improvement district authority or
 24 entity authorized to levy taxes or assessments. The term does not
 25 include any retirement system supported entirely or in part by the state.

26 SECTION 77. IC 36-1-2-2 IS AMENDED TO READ AS
 27 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. "Bonds" means any
 28 evidences of indebtedness, whether payable from property taxes,
 29 revenues, or any other source. ~~but~~ **However, the term** does not include
 30 notes or warrants representing temporary loans that are payable out of:

- 31 (1) taxes levied and in the course of collection; **or**
- 32 (2) **other deposits in the general fund or transportation fund**
- 33 **of a school corporation.**

34 SECTION 78. IC 36-7-15.1-26.9 IS AMENDED TO READ AS
 35 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 26.9. (a) The
 36 definitions set forth in section 26.5 of this chapter apply to this section.

37 (b) The fiscal officer of the consolidated city shall publish in the
 38 newspaper in the county with the largest circulation all determinations
 39 made under section 26.5 or 26.7 of this chapter that result in the
 40 allowance or disallowance of credits. The publication of a
 41 determination made under section 26.5 of this chapter shall be made
 42 not later than June 20 of the year in which the determination is made.



1 The publication of a determination made under section 26.7 of this
 2 chapter shall be made not later than December 5 of the year in which
 3 the determination is made.

4 (c) If credits are granted under section 26.5(g) or 26.5(h) of this
 5 chapter, whether in whole or in part, property taxes on personal
 6 property (as defined in IC 6-1.1-1-11) that are equal to the aggregate
 7 amounts of the credits for all taxpayers in the allocation area under
 8 section 26.5(g) and 26.5(h) of this chapter shall be:

- 9 (1) allocated to the redevelopment district;
- 10 (2) paid into the special fund for that allocation area; and
- 11 (3) used for the purposes specified in section 26 of this chapter.

12 (d) The county auditor shall adjust the estimate of assessed
 13 valuation that the auditor certifies under IC 6-1.1-17-1 for all taxing
 14 units in which the allocation area is located. The county auditor may
 15 amend this adjustment at any time before the earliest date a taxing unit
 16 must publish the unit's proposed property tax rate under IC 6-1.1-17-3
 17 in the year preceding the year in which the credits under section
 18 26.5(g) or 26.5(h) of this chapter are paid. The auditor's adjustment to
 19 the assessed valuation shall be:

- 20 (1) calculated to produce an estimated assessed valuation that will
 21 offset the effect that paying personal property taxes into the
 22 allocation area special fund under subsection (c) would otherwise
 23 have on the ability of a taxing unit to achieve the taxing unit's tax
 24 levy in the following year; and
- 25 (2) used by the county board of tax adjustment, the state board of
 26 tax commissioners, and each taxing unit in determining each
 27 taxing unit's tax rate and tax levy in the following year.

28 (e) The amount by which a taxing unit's levy is adjusted as a result
 29 of the county auditor's adjustment of assessed valuation under
 30 subsection (d), and the amount of the levy that is used to make direct
 31 payments to taxpayers under section 26.5(h) of this chapter, is not part
 32 of the total county tax levy under IC 6-1.1-21-2(g) and is not subject to
 33 IC 6-1.1-20.

34 (f) The ad valorem property tax levy limits imposed by
 35 IC 6-1.1-18.5-3 ~~and IC 6-1.1-19-1.5~~ do not apply to ad valorem
 36 property taxes imposed that are used to offset the effect of paying
 37 personal property taxes into an allocation area special fund during the
 38 taxable year under subsection (d) or to make direct payments to
 39 taxpayers under section 26.5(h) of this chapter. For purposes of
 40 computing the ad valorem property tax levy limits imposed under
 41 IC 6-1.1-18.5-3, ~~and IC 6-1.1-19-1.5~~ a taxing unit's ad valorem property
 42 tax levy for a particular calendar year does not include that part of the

C
o
p
y



levy imposed to offset the effect of paying personal property taxes into an allocation area special fund under subsection (d) or to make direct payments to taxpayers under section 26.5(h) of this chapter.

(g) Property taxes on personal property that are deposited in the allocation area special fund:

(1) are subject to any pledge of allocated property tax proceeds made by the redevelopment district under section 26(d) of this chapter, including but not limited to any pledge made to owners of outstanding bonds of the redevelopment district of allocated taxes from that area; and

(2) may not be treated as property taxes used to pay interest or principal due on debt under IC 6-1.1-21-2(g)(1)(D).

SECTION 79. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2000]: IC 6-1.1-19-1; IC 6-1.1-19-1.5; IC 6-1.1-19-1.7; IC 6-1.1-19-2; IC 6-1.1-19-4.5; IC 6-1.1-19-4.7; IC 6-1.1-19-4.9; IC 6-1.1-19-5.1; IC 6-1.1-19-6; IC 6-1.1-19-11; IC 6-1.1-21.5; IC 6-1.1-34; IC 20-4-1-26.9; IC 20-4-8-23; IC 21-2-11-8; IC 21-2-12; IC 21-2-13; IC 21-2-14; IC 21-3-1.7-6.8.

SECTION 80. [EFFECTIVE JULY 1, 1999] (a) **As used in this SECTION, "balance" means the unencumbered balance in a school corporation's levy excess fund on January 1, 2000.**

(b) **The state board of tax commissioners may require a school corporation to include the balance in a school corporation's levy excess fund in the school corporation's budget fixed under IC 6-1.1-17.**

(c) **Except as provided in subsection (d), a school corporation may not spend money in its levy excess fund until the expenditure of the money is included in a budget that is approved by the state board of tax commissioners under IC 6-1.1-17.**

(d) **A school corporation may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the school corporation as a result of refunds paid under IC 6-1.1-26.**

(e) **A school corporation may use money in its levy excess fund for a lawful purpose for which money in its other funds may be used.**

SECTION 81. **An emergency is declared for this act.**

